

Department of Health
Statement of financial performance
for the year ended 30 June 2001

	Notes	2001 \$'000	2000 \$'000
Revenues from ordinary activities			
Output revenue	4	2,280,573	3,248,011
User charges	5	175,766	163,098
Grants and other contributions	6	1,493,727	291,507
Other	7	50,353	30,288
Total revenues from ordinary activities		4,000,419	3,732,904
Expenses from ordinary activities excluding borrowing costs expense			
Employee expenses	8	2,270,022	2,134,180
Supplies and services	9	741,562	700,521
Grants and subsidies	10	468,571	424,692
Depreciation and amortisation	11	225,179	210,802
Equity return	12	173,093	165,042
Other	13	79,814	81,762
Total expenses from ordinary activities excluding borrowing costs expense		3,958,241	3,716,999
Net surplus/(deficit)		5,382	(20,950)
Increase (decrease) in asset revaluation reserve	26	(228,349)	222,216
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	26	950	8,483
Total revenues, expenses and valuation adjustments recognised directly in equity		(227,399)	230,699
Total changes in equity other than those resulting from transactions with owners as owners		(222,017)	209,749

The statement of financial performance should be read in conjunction with the accompanying notes.

Department of Health
Statement of financial position
for the year ended 30 June 2001

	Notes	2001 \$'000	2000 \$'000
CURRENT ASSETS			
Cash	15	181,491	130,894
Receivables	16	83,113	61,578
Inventories	17	46,141	46,768
Financial assets	18	-	200
Other	19	9,222	8,268
Total current assets		319,967	247,708
NON-CURRENT ASSETS			
Receivables	16	310	430
Property, plant and equipment	20	3,334,232	3,419,415
Intangibles	21	97,936	96,106
Other	19	178	42
Total non-current assets		3,432,656	3,515,993
TOTAL ASSETS		3,752,623	3,763,701
CURRENT LIABILITIES			
Payables	22	115,765	96,718
Interest-bearing liabilities	23	46,320	13,021
Provisions	24	188,117	171,587
Other	25	2,850	596
Total current liabilities		353,052	281,922
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	23	548,742	420,295
Other	25	2,862	2,063
Total non-current liabilities		551,604	422,358
TOTAL LIABILITIES		904,656	704,280
NET ASSETS		2,847,967	3,059,421
EQUITY			
Contributed equity	26	509,630	498,904
Retained surpluses	26	2,246,211	2,240,042
Reserves			
- Asset revaluation reserve	26	92,126	320,475
TOTAL EQUITY		2,847,967	3,059,421

The statement of financial position should be read in conjunction with accompanying notes.

Department of Health
Statement of cash flows
for the year ended 30 June 2001

	Notes	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Output receipts		2,280,573	3,342,399
User charges		160,699	138,217
Grants and other contributions		1,499,041	282,630
Interest received		7,920	1,193
GST collected on sales		5,722	-
GST input tax credits received		114,898	-
Other		33,226	27,058
<i>Outflows:</i>			
Employee costs		(2,246,365)	(2,118,698)
Supplies and services		(727,739)	(699,979)
Grants and subsidies		(468,572)	(424,692)
Borrowing costs		(35,798)	(35,564)
Equity return		(173,093)	(165,042)
GST paid on purchases		(129,490)	(303)
GST remitted to ATO		(4,369)	-
Other		(67,984)	(72,106)
Net cash provided by (used in) operating activities	27	248,669	275,113
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Sales of property, plant and equipment		8,110	9,983
Investments redeemed		200	23,785
Loans and advances redeemed		490	15,508
<i>Outflows:</i>			
Payments for property, plant and equipment		(377,518)	(490,271)
Investments acquired		-	(2,550)
Loans and advances made		(901)	(4,249)
Net cash provided by (used in) investing activities		(369,619)	(447,839)
CASH FLOWS FROM FINANCIAL ACTIVITIES			
<i>Inflows:</i>			
Borrowings		178,975	885
Equity Injections		10,563	304,230
<i>Outflows:</i>			
Borrowing redemptions		(17,981)	(11,841)
Finance Lease payments (excluding interest)		(10)	-
Net cash provided by (used in) financing activities		171,547	293,274
Net increase in cash held		50,597	120,548
Cash transfers from restructure of revenue			471
Cash at the beginning of financial year		130,894	9,875
Cash at end of financial year	15	181,491	130,894

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

Department of Health
Statement of outputs/major activities – controlled expenses and revenues
for the year ended 30 June 2001

	Treatment and management						Total
	Acute Inpatient Services	Non- Inpatient Services	Health Maintenance Services	Integrated Mental Health Services	Public Health Services	Total	
	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2000 \$'000
Revenues from ordinary activities							
Output revenue	1,114,631	591,794	215,866	213,625	144,657	2,280,573	3,248,011
User charges	129,396	14,912	21,363	6,440	3,655	175,766	163,098
Grants and other contributions	707,666	335,908	220,628	144,566	84,959	1,493,727	291,507
Other	27,397	13,222	2,136	4,665	2,933	50,353	30,288
Total revenue from ordinary activities	1,979,090	955,836	459,993	369,296	236,204	4,000,419	3,732,904
Expenses from ordinary activities excluding borrowing costs expense							
Employee expenses	1,142,511	535,459	219,007	248,939	124,106	2,270,022	2,134,180
Supplies and services	386,446	207,036	52,444	43,616	52,020	741,562	700,521
Grants and subsidies	190,221	81,161	140,412	23,051	33,726	468,571	424,692
Depreciation and amortisation	115,694	60,286	18,512	21,448	9,239	225,179	210,802
Equity return	90,009	43,273	17,309	17,309	5,193	173,093	165,042
Other	33,395	18,826	7,994	9,430	10,169	79,814	81,762
Total expenses from ordinary activities excluding borrowing costs expense	1,958,276	946,041	455,678	363,793	234,453	3,958,241	3,716,999
Borrowing costs expense	19,136	8,834	3,678	4,045	1,103	36,796	36,855
Net surplus/(deficit)	1,678	(28,725)	637	1,458	648	5,382	(20,950)

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

1. Objectives of the Department

The department's primary objective is to help people to better health and well-being. This objective is achieved through:

- The provision of health services appropriate to the needs of Queenslanders given available resources and, where necessary, prioritising resource allocation using a consultative and open approach
- Encouraging individual responsibility for health care; and
- Fostering research and education in order to improve health services continuously.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997*, Australian Accounting Standards, in particular AAS 29 *Financial Reporting by Government Departments*, Statements of Accounting Concepts, Urgent Issues Group Abstracts, the *Treasurer's Minimum Reporting Requirements for Departmental Financial Statements for 2000-2001* and other prescribed requirements.

The following new or revised Australian Accounting Standards became operative during the 2000/2001 financial year and have been adopted where relevant:

- AAS 1 *Statement of Financial Performance*
- AAS 36 *Statement of Financial Position; and*
- AAS 37 *Financial Report Presentation and Disclosures.*

Except where stated, the financial statements have been prepared in accordance with the historical cost convention. The accounting policies adopted are generally consistent with those of the previous year, except in respect of transfers of assets and liabilities between wholly Queensland Government owned entities, that do not arise as a result of machinery of Government changes. In the prior reporting period, these transfers were recognised as items of revenue or expense. In the current reporting period, these transfers are now recognised as direct adjustments to contributed equity in accordance with the concepts contained in UIG Abstract 38 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

The accrual basis of accounting has been adopted for both controlled transactions and balances and those administered on a whole of Government basis.

(b) The Reporting Entity

Queensland Health is comprised of 38 health service districts and a Corporate Office. Districts include all the operating activities of the hospital facilities, community, mental and residential health centres of a geographically defined area. Districts are not separate reporting entities. The balances and effects of transactions between districts have been eliminated in preparing this financial report.

The Mater Misericordiae Public Hospital, although treated as a district for operational purposes, does not form part of Queensland Health and is not included in the financial statements except to the extent that an annual amount is paid by way of grant to the hospital in accordance with a binding service agreement.

Department of Health
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for the year ended 30 June 2001

All the revenues, expenses, assets and liabilities controlled by Queensland Health are included in the financial statements. Assets restricted for specified uses by a grantor or donor are considered to be controlled by the department. Separate disclosure has been made of material restricted assets. See Note 31.

Administered transactions and balances

On a whole of Government basis

The department is accountable for the transactions and balances involving administered resources but as Queensland Health does not have the discretion to deploy these resources for the achievement of its own objectives, the department does not control them. The amount of these transactions and balances is less than ten million dollars and is not considered of such significance to warrant disclosure by way of separate financial statements. Note disclosure of administered balances is made in Note 37.

On behalf of parties external to State Government

Queensland Health also administers transactions and balances in a fiduciary trust capacity. As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. Note 32 provides additional information on these balances.

(c) User Charges, fees and fines

User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

Fees and fines collected by the department but not controlled by it are not recognised as revenues, but are reported as administered revenue in Note 37.

Arrangements exist between Queensland Health and various Hospital Foundations for the running of hospital carparks constructed by the department. Under these arrangements, approved by Cabinet, revenues generated by the operation of these carparks are retained by hospital foundations.

(d) Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when Queensland Health obtains control over the assets comprising the contributions. This includes amounts received from the Commonwealth Government for programs that have not been fully completed at the end of the financial year.

Where non-reciprocal contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature and amounts of those undischarged conditions are disclosed in Note 6. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributions of assets are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) Output revenue

Output revenue is recognised in accordance with either the original budget estimate, or the most recent performance review, taking into account the delivery of the department's outputs in terms of quality, quantity, timeliness and cost.

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

(f) Borrowing costs

Borrowing costs are recognised as an expense, except where the underlying interest bearing liability specifically funds the construction of a qualifying asset. Where a specific relationship with a qualifying asset is established, borrowing costs are capitalised as part of the cost of the qualifying asset under construction.

(g) Cash

For the purposes of financial reporting, cash includes cash on hand and deposits at call which are readily convertible to cash and which are used in the daily cash management function of the Department.

(h) Receivables

Receivables are recognised at the amount due at the time of provision of the good or service. The collectibility of debts is assessed at balance date and all known bad debts are written off. Adequate provision is made for any doubtful accounts.

Trade and other debtors are generally settled within 60 days, while loans and advances range from three to fifteen months. Loans and advances represent amounts advanced to employees to align payment of salaries and wages to a uniform pay day throughout the department and amounts advanced to entities for services to be performed. No collateral is held for loans and advances made and no interest is charged on outstanding amounts.

(i) Inventories

Inventories are reported at the lower of cost and net realisable value. Cost is allocated on a weighted average basis for inventories recorded on a perpetual system. Unless material, inventories do not include supplies held ready for use in wards throughout hospital facilities. These supplies are expensed on issue from the department's main storage facilities.

(j) Property, plant and equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. Cost is determined as the value given as consideration plus costs incidental to the acquisition and all other costs incurred to bring the asset to a state where it is ready for use.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

The cost of property, plant and equipment constructed by Queensland Health includes the cost of materials and direct labour.

Recognition

Items of property, plant and equipment with a cost or other value of \$5,000 or more and with a useful life of more than one year are recognised in the year of acquisition. Items below this value are expensed.

Items or components that form an integral part of an asset are recognised as a single asset (functional asset). The recognition threshold is applied to the aggregate cost of each functional asset.

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

Revaluations

Non-current physical assets having an estimated value greater than the department's revaluation threshold and an estimated useful life of three years or more are subject to a comprehensive, independent revaluation every five years. Annual indexation is applied in the intervening years. The revaluation thresholds are:

Class	Threshold
Land	\$200,000
Buildings	\$1,000,000
Plant and equipment	\$30,000

All non-current physical assets are valued on the deprival basis in accordance with Queensland Treasury's guidelines "*Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*". In applying this methodology, land is valued on the basis of existing use. Under deprival value, assets are valued at an amount that represents the entire loss that might be expected to be incurred if the department was deprived of the future economic benefits of the assets at valuation date.

An election has been made to continue to use deprival value as the basis of valuation until 30 June 2001. However, from 1 July 2001 some non-current physical assets will be revalued using the fair value principles in accordance with AAS38 *Revaluation of Non-Current Assets*. In accordance with Queensland Treasury's guidelines 'Non-Current Asset Accounting Guidelines for the Queensland Public Sector', all classes of assets other than land, buildings, infrastructure and heritage assets will be recorded on a cost basis, at the carrying amount of the asset as at 30 June 2001.

The gross method of reporting revalued assets has been adopted. This method restates separately the gross amount and related accumulated depreciation of the assets comprising the class of revalued assets.

During the 2000/2001 financial year, Queensland Health revalued buildings above the current revaluation threshold. A nominal useful life of 30 years was recognised for buildings valued on a composite basis to determine the value of adjustments arising on revaluation. The nominal useful life for buildings was established with reference to comprehensive elemental building information provided by independent valuers during the financial year 2000/2001. In assigning a 30 year nominal useful life for buildings recognition has been given to the complex nature of Queensland Health's building portfolio and the substantial renewal work undertaken by the Department over the asset's life cycle.

Depreciation and amortisation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land are depreciated/amortised over their estimated useful life to the department. The straight-line method is used so as to write off the depreciable amount of the assets progressively over their estimated useful life.

Assets are depreciated or amortised from the time of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

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

Class	Depreciation rate
Buildings	2.50% - 3.33%
Plant and equipment	10.0% - 20.0%

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During 2000/2001, independent quantity surveyors provided Queensland Health with comprehensive elemental information, including gross replacement cost and remaining useful lives for a sample of buildings, which constitute about 10% (in value) of the Department's building portfolio. Queensland Health will continue the rolling revaluation program (year 1: financial year 2000/2001) whereby components of complex assets will be identified and depreciated according to their respective estimated useful lives

The financial effect of the external building revaluation exercise including the adoption of a nominal 30 year useful life for buildings valued on a composite basis as well as the reduction in depreciation rates from 5% to 3.33% for new buildings has resulted in a decrease of \$5.13 million to the annual depreciation charge in the Statement of Financial Performance.

Disposal of revalued assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of an asset at the time of disposal and the proceeds on disposal and is included in the year of disposal.

Remaining revaluation increments relating to assets disposed of is transferred from the Asset Revaluation Reserve to Accumulated Surplus in the year in which the assets have been disposed of.

Leased plant and equipment

Leased plant and equipment for which Queensland Health assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to present value of the minimum lease payments are recognised at the inception of the lease. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely Queensland Health will obtain ownership of the asset, over the useful life of the asset. Lease liabilities are reduced by repayments of principal and the interest components of lease payments are charged to the Statement of Financial Performance.

The following amortisation rates were used:

Class	Amortisation rate
Plant and equipment	10.0% - 20.0%

Operating lease payments, being representative of benefits derived from the leased assets, are recognised as an expense of the period in which they are incurred.

(k) Intangibles

Software

Acquisition

Software assets are initially recorded at cost and amortised over their estimated useful life to the department.

Software assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Recognition

Internally developed software with a useful life of more than one year and a development cost of \$50,000 or more and purchased software with an acquisition cost of \$5,000 or more per user license are recognised in the year of acquisition. Items below this value are expensed.

Department of Health
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Amortisation

The straight-line method is used so as to write off the cost or other value progressively over the estimated useful life. Software is amortised from the time of acquisition or, in respect of internally developed software, from the time an asset is completed and held ready for use.

For each type of software, the following amortisation rates were used:

Class	Amortisation rate
Software	10% - 20%

Intellectual property

A statewide review of the potential existence of intellectual property above the \$50,000 recognition threshold has been carried out during the current financial year.

It has been ascertained that the department does not control intellectual property that meets the criteria of having clear future economic benefits that can be recognised and reliably measured.

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

Queensland Health has entered into a number of contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities for a period of time on departmental land. After an agreed period of between fifteen and twenty two years, title to the facilities will pass to Queensland Health. Arrangements of this type are known as Build Own Operate Transfer (BOOT) type arrangements. BOOT arrangements in operation as at 30 June 2001 are listed in note 34.

Queensland Health does not control the facilities associated with these arrangements, therefore, although the land on which the facilities have been constructed remains an asset of the department, the facilities are not recorded as assets of the department. The department receives rights and incurs obligations under these arrangements and these include:

- Rights to receive public infrastructure at the end of the contractual terms; and
- Rights and obligations to receive and pay cash flows in accordance with the respective contractual arrangements.

The arrangements have been structured to minimise risk exposure for the department.

The accounting professional bodies are currently developing an accounting standard that will cover recognition issues associated with these arrangements. Consequently, Queensland Health has not recognised any rights or obligations that may attach to those arrangements, other than those recognised under generally accepted accounting principles. Refer note 34.

(m) Collocation agreements

Queensland Health has entered into a number of contractual arrangements with private sector entities for the construction and operation of private health facilities for a period of time on departmental land. After an agreed period of twenty five years, title to the facilities will pass to Queensland Health. Current collocation arrangements in operation are listed in note 35.

As with BOOT type arrangements, Queensland Health does not recognise these facilities as assets. The department receives rights and incurs obligations under these arrangements and these include:

- Rights to receive private infrastructure at the end of the contractual terms; and

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

- Rights and obligations to receive and pay cash flows in accordance with the respective contractual arrangements.

The arrangements have been structured to minimise risk exposure for the department.

The accounting professional bodies are currently developing an accounting standard that will cover recognition issues associated with these arrangements. Consequently, Queensland Health has not recognised any rights or obligations that may attach to those arrangements, other than those recognised under generally accepted accounting principles. Refer note 35.

(n) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to Queensland Health. Trade accounts payable are normally settled within 60 days.

(o) Interest-bearing liabilities

Interest bearing liabilities are recorded at the book rate. Interest expense is accrued in the period in which it is incurred. The market value of borrowings is disclosed at Note 23. All borrowings are with the Queensland Treasury Corporation with periodic repayments made quarterly in arrears.

(p) Employee Entitlements

Wages, salaries, annual leave, sick leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount that Queensland Health has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs such as payroll tax, workcover premiums and employer superannuation contributions. Sick leave is not vesting and is not brought to account.

Long service leave

In 1999/2000, a new long service leave scheme became operative whereby a levy is made on the department to cover this expense and amounts paid to employees for long service leave are claimed from the scheme as a reimbursement. Accordingly, a provision for long service leave is no longer recognised.

Superannuation

Employer contributions to superannuation funds are determined periodically by the State Actuary and are recognised as an expense in the Statement of Financial Performance. The Government has full responsibility for the assets and liabilities of the superannuation schemes covering employees of Queensland Health. No superannuation liability is therefore recognised by the department.

(q) Taxation

The department's activities are exempt from all forms of Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST).

In compliance with Urgent Issues Group Abstract 31 *Accounting for the Goods and Services Tax*, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued as a net receivable. Refer note 16. Revenues, expenses and assets are recognised net of the amount of GST. Cash flows relating to GST payments or receipts are disclosed on a gross basis in the Statement of Cash Flows.

Department of Health
Notes to and forming part of the financial statements
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(r) Allocation of overheads to departmental activities

The revenues and expenses of the Department's corporate services are allocated to outputs/activities that the services primarily support.

(s) Insurance

In accordance with Government policy, assets other than motor vehicles are not insured and losses are brought to account as they are incurred.

(t) Rounding

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero.

(u) Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year accounts and other disclosures.

(v) Change in accounting policy

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland public sector entities are accounted for as adjustments to contributed equity in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Previously, such transfers were accounted for as items of revenue and expense in prior reporting periods.

As the foregoing represents a change in accounting policy arising from the initial adoption of an Urgent Issues Group Consensus View, the cumulative financial effect of the change as if the new accounting policy had always been applied, has not been calculated.

3. Outputs/major activities of the department

The identity and purpose of each output/major activity undertaken by Queensland Health during the year is summarised below:

Treatment and Management

<i>Acute Inpatient Services</i>	Hospital-based medical and surgical treatment services for admitted patients, linked to community-based treatment support services.
<i>Non-Inpatient Services</i>	Hospital-based emergency treatment and integrated services for non-admitted patients, including community-based services.
<i>Health Maintenance Services</i>	Services provided in dedicated facilities and a community-based, full service network of rehabilitation and home care services for frail older people and people with intellectual and physical disabilities; and hospital and community-based convalescent, rehabilitation, respite and palliative care services.

Department of Health
Notes to and forming part of the financial statements
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Integrated Mental Health Services

Inpatient, outpatient and community-based mental health services.

Public Health Services

Integrated population-wide responses to the promotion and protection of health and well-being and the prevention of disease, illness and injury.

Expenses and revenues attributable to these outputs are set out in the Statement of Outputs/Major Activities – Controlled Expenses and Revenues.

	2001 \$'000	2000 \$'000
4. Reconciliation to payments from consolidated fund		
Output revenue		
Budgeted output appropriation#	2,217,693	3,302,053
Plus/less transfers from/to other departments		-
Plus/less transfers from/to other headings	62,880	-
Plus Treasurer's advances		-
Less lapsed output appropriation		-
Plus supplementary appropriations		40,346
Less repayments of incorrectly paid amounts		-
Total output receipts	2,280,573	3,342,399
Less opening balance of output revenue receivable	-	84,866
Less non cheque carryover opening adjustment	-	9,522
Plus closing balance of output revenue receivable	-	-
Output revenue recognised in the Statement of Financial Performance	2,280,573	3,248,011

Due to altered revenue retention arrangements with Queensland Treasury, particularly in relation to grants received from the Commonwealth Government being classified as controlled revenue, output appropriation has been reduced.

Equity adjustment (controlled)

Budgeted equity adjustment appropriation*	199,765	336,530
Plus/less transfers from/to other departments		-
Plus/less transfers from/to other headings	(62,880)	-
Plus Treasurer's advances		-
Less lapsed equity adjustment appropriation	126,322	31,000
Plus supplementary appropriations		(1,300)
Less repayments of incorrectly paid amounts		-
Total equity adjustment receipts (payments)	10,563	304,230
Less opening balance of equity adjustment receivable	-	-
Plus closing balance of equity adjustment receivable	-	-
Equity adjustment recognised in contributed Equity	10,563	304,230

* As part of the 2000/2001 budget process, borrowings required by the Government to finance equity injections were directly attributed to applicable agencies. \$178.975million of budgeted equity injection was converted to interest bearing borrowings.

Department of Health
Notes to and forming part of the financial statements
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	2001 \$'000	2000 \$'000
5. User charges		
Sale of goods and services	40,853	40,587
Rental income	1,333	1,041
Hospital fees	133,580	121,470
	175,766	163,098

6. Grants and other contributions

Commonwealth grants		
Home and community care grants	99,589	88,761
Australian Health Care Agreement grants#	1,175,567	58,729
Nursing home grants#	45,083	-
Other specific purpose recurrent grants	120,132	102,440
Other specific purpose capital grants	7,901	7,837
	1,448,272	257,767
Other grants	32,624	19,002
Donations – other	11,581	12,386
Donations – non-current physical assets	421	881
Other	829	1,471
	1,493,727	291,507

Due to altered revenue retention arrangements with Queensland Treasury, the AHCA Base Grant \$1,110 million and Nursing Home payments from the Commonwealth Government are now regarded as controlled revenue. These were previously classified as administered.

7. Other revenue

Gain on stocktake adjustments – property, plant and equipment	3,093	42
Gain on stocktake adjustments - intangibles	3,032	-
Gain on disposal of property, plant and equipment	1,444	2,599
Interest	9,867	1,193
Sale proceeds of non-capitalised assets	64	127
Licences and registration charges#	1,134	-
Other		
Recoveries	20,169	19,543
Other	11,550	6,784
	50,353	30,288

Due to altered revenue retention arrangements with Queensland Treasury, licences and registration charges are now regarded as controlled revenue. These were previously regarded as administered.

Department of Health
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	2001 \$'000	2000 \$'000
8. Employee expenses		
Wages and salaries	2,013,834	1,877,571
Employer superannuation contributions	184,791	173,390
Long service leave levy	30,172	25,615
Other	41,225	57,604
	2,270,022	2,134,180
9. Supplies and services		
Consultants and contractors	47,364	39,577
Electricity and other energy	34,074	31,970
Travel	38,852	37,565
Water	2,829	2,635
Building services	7,525	5,601
Computer services	29,212	30,715
Motor vehicles	6,622	6,363
Communications	30,858	32,629
Repairs and maintenance	70,503	55,321
Insurance	323	425
Expenses relating to capital works	18,879	26,865
Drugs	147,838	131,303
Clinical supplies	207,130	204,840
Catering and domestic supplies	76,775	72,708
Other	22,778	22,004
	741,562	700,521
10. Grants and subsidies		
Public hospital support services	282,277	258,982
Home, community and rural health services	158,033	139,053
Mental health services	10,052	12,869
Residential care services	7,801	8,021
Medical research programs	8,001	5,339
Other	2,407	428
	468,571	424,692
11. Depreciation and amortisation		
Buildings	154,812	134,217
Plant and Equipment	54,533	61,615
Leased plant and equipment	76	83
Software	15,758	14,887
	225,179	210,802

Department of Health
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	2001 \$'000	2000 \$'000
12. Equity return	173,093	165,042

An equity return rate of 6 per cent has been set by the Government for 2000-01. Queensland Treasury invoices the department for this amount on a quarterly basis. The return is calculated on a pro-rata daily basis using the opening net asset position of the department for each quarter, plus or minus equity injections or withdrawals.

13. Other expenses

External audit fees	556	555
Bad and doubtful debts	3,356	3,442
Bank Fees	162	188
Operating lease rentals	34,738	32,471
Inventory written off	271	444
Losses from the disposal of non-current assets	8,277	5,141
Losses		
Public monies	2	2
Special payments		
Donations/gifts	159	76
Ex-gratia payments	504	906
Medical litigation costs	6,408	7,669
Other		
Other legal costs	5,718	6,156
Journals and subscriptions	4,110	4,713
Advertising	3,670	3,240
Other	11,883	16,759
	79,814	81,762

14. Borrowing costs expense

Interest	35,324	34,935
Finance charges relating to finance leases	20	29
Borrowing administration charges	455	412
Performance dividend on borrowings	997	1,479
	36,796	36,855

15. Cash

Cash on hand	226	214
Cash at bank	181,265	130,680
	181,491	130,894

Department of Health
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for the year ended 30 June 2001

	2001 \$'000	2000 \$'000
16. Receivables		
<i>Current</i>		
Trade debtors	60,689	44,128
Less: provision for doubtful debts	2,000	2,151
	58,689	41,977
GST input tax credits receivable	14,466	303
GST payable	(925)	-
Net receivable	13,541	303
Long service leave reimbursements	6,866	6,470
Loans and advances	3,841	5,784
Other	176	7,044
	83,113	61,578
<i>Non-current</i>		
Loans and advances	310	430
17. Inventories		
Inventory not held for resale:		
Medical supplies and equipment	42,731	43,144
Engineering	1,018	1,045
Catering and domestic	1,249	1,393
Other	1,319	1,389
	46,317	46,971
Less: provision for stock obsolescence	176	203
	46,141	46,768
18. Financial assets		
<i>Current</i>		
Fixed term deposits	-	200
Investment maturities:		
Within the next twelve months	-	200
19. Other assets		
<i>Current</i>		
Prepaid salaries and wages	469	677
Capital prepayments	105	1,301
Other prepayments	8,648	6,290
	9,222	8,268
<i>Non-current</i>		
Other prepayments	178	42

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

	2001 \$'000	2000 \$'000
20. Property, plant and equipment		
Land		
At cost	2,788	1,692
At valuation	230,801	224,869
	<u>233,589</u>	<u>226,561</u>
Buildings		
At cost	547,082	287,407
Less: accumulated depreciation	8,534	9,932
	<u>538,548</u>	<u>277,475</u>
At valuation	3,672,761	3,996,563
Less: accumulated depreciation	1,619,200	1,847,871
	<u>2,053,561</u>	<u>2,148,692</u>
Plant and Equipment		
At cost	202,897	174,082
Less: accumulated depreciation	63,337	50,342
	<u>139,560</u>	<u>123,740</u>
At valuation	471,868	448,578
Less: accumulated depreciation	328,146	309,651
	<u>143,722</u>	<u>138,927</u>
Leased plant and equipment		
At cost	49	358
Less: accumulated amortisation	27	119
	<u>22</u>	<u>239</u>
At valuation	400	288
Less: accumulated amortisation	137	95
	<u>263</u>	<u>193</u>
Capital works in progress at cost	224,967	503,588
	<u>3,334,232</u>	<u>3,419,415</u>

Independent physical revaluations of property, plant and equipment to establish the deprival value of assets were performed as follows: plant and equipment 1998/1999; land and buildings over the revaluation threshold 2000/2001; balance of the land and building portfolio during the period 1994/1995 to 1996/1997.

- An interim revaluation of plant and equipment was performed as at 30 June 2001 by indexation using the implicit price deflator relating to gross fixed capital formation – State and Local Government (Australian Bureau of Statistics ABS Catalogue 5206.0). A revaluation index of 1.005 was applied as at 30 June 2001.
- Registered quantity surveyors of Rawlinsons and registered valuers of Department of Natural Resources - State Valuation Service performed an independent revaluation of land and buildings above the revaluation threshold during 2000/2001. The valuation team comprised:

Rawlinsons

Ben Foster – AAIQS
Kim D Hayes – BSc(OS); MRISCS

Department of Natural Resources - State Valuation Service

John A Thomas – AAPI
Lawrence W. Holt – AAPI
Michael D Denlay – AAPI
David Patton – AAPI
Robert J Quaitte – AAPI
Helena J Wilson – AAPI
Noel J Cronin – AAPI
David Doyle – Registered Valuer
John Greenhill – Registered Valuer
Stephen F Penny – AAPI
R.G Moroney – Registered Valuer
Tony Fitzgerald – Registered Valuer
Steven Doyle – AAPI

Department of Health
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	2001 \$'000	2000 \$'000
21. Intangibles		
Software		
At cost	87,451	69,219
Less: accumulated amortisation	22,921	13,388
	<u>64,530</u>	<u>55,831</u>
At valuation	88,295	91,725
Less: accumulated amortisation	73,848	76,767
	<u>14,447</u>	<u>14,958</u>
Software under development at cost	18,959	25,317
	<u>97,936</u>	<u>96,106</u>

An independent valuation was performed during 1998/1999 on software assets.

An independent valuation for software not previously recognised by Queensland Health was performed during 2000/2001 by registered valuers of Arthur Andersen.

The valuation team comprised:
Robert A Van Raay – AAPI (P&M)
Matthew A Radmilo – AAPI (P&M)

22. Payables

Long service leave levy payable	7,842	6,465
Trade creditors	68,937	56,734
Accrued salaries and wages	37,187	31,865
Other creditors	1,799	1,654
	<u>115,765</u>	<u>96,718</u>

Department of Health
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	2001 \$'000	2000 \$'000
23. Interest-bearing liabilities		
<i>Current</i>		
Finance leases (a)		
Finance lease liability	243	254
Less: Future interest charge	13	19
	230	235
OTC borrowings (b)	46,090	12,786
	46,320	13,021
<i>Non-current</i>		
Finance leases (a)		
Finance lease liability	288	542
Less: Future interest charge	15	28
	273	514
OTC borrowings (b)	548,469	419,781
	548,742	420,295

(a) The implicit interest rates on finance leases range from 0.35% to 12.83% (2000: 2% to 12%)

(b) Borrowings are provided by Queensland Treasury Corporation. The interest rates on the borrowings range from 5.35% to 7.99%. Repayment dates vary from 14 May 2006 to 14 May 2017. Borrowings are all in Australian dollar denominated amounts. The market value of the debt as notified by Queensland Treasury Corporation at 30 June 2001 was \$643.126 million (2000: \$478.904 million). The market value of the debt represents the value of the debt if the department repaid the debt at 30 June 2001. An amount of \$36.796 million, comprising interest on funds, performance dividends and administration fees from the Queensland Treasury Corporation as well as \$.02 million for finance charges relating to finance leases have been recognised as an expense in the reporting period. An amount of \$.051 million (2000: \$.023 million) was recognised as borrowing costs during the period as part of the carrying amount of Metropolitan Linen facilities while under construction.

24. Provisions

Annual leave	188,117	171,587
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25. Other liabilities

<i>Current</i>		
Unearned revenue	2,850	596
<i>Non-current</i>		
Unearned revenue	2,862	2,063

Department of Health
Notes to and forming part of the financial statements
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26. Changes in equity

	Retained surpluses		Asset revaluation reserve	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance at the beginning of the financial year	2,240,042	2,252,509	320,475	98,259
Transitional adjustments due to initial application of AAS29	-	(3,054)	-	-
Adjustment for the disposal of previously revalued assets	787	1,113	(787)	(1,113)
Net surplus/(deficit)	5,382	(20,950)	-	-
Change in controlled/administered classification	-	10,424	-	-
Increment on revaluation of:				
Land	-	-	12,110	9,030
Buildings	-	-	(242,356)	216,051
Plant and equipment	-	-	2,684	(1,752)
Balance at the end of the financial year	2,246,211	2,240,042	92,126	320,475
			Contributed equity	
			2001 \$'000	2000 \$'000
Balance at the beginning of the financial year			498,904	-
Equity injections – refer Note 4			10,563	304,230
Net leave liabilities transferred to other departments*			163	-
Adjustment due to elimination of opening balance of Long service leave provision			-	194,674
Balance at the end of the financial year			509,630	498,904

* Leave transfers to/from other departments are recognised directly against equity from 2000/2001 onwards.

Department of Health
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for the year ended 30 June 2001

	2001 \$'000	2000 \$'000
27. Reconciliation of net surplus/(deficit) to net cash provided by (used in) operating activities		
Surplus/(deficit)	5,382	(20,950)
Non-cash items:		
Depreciation expense	209,345	195,832
Amortisation expense	15,834	14,970
Net liabilities assumed/relinquished*	-	(117)
Contributed assets and other non cash donations	(1,250)	(2,352)
Loss on sale of property, plant and equipment	8,277	5,283
Gain on sale of property, plant and equipment	(1,440)	(2,599)
Stocktake adjustments and other non cash expenses	3,648	5,321
Changes in assets and liabilities		
Decrease in output revenue receivable	-	94,388
(Increase) in LSL reimbursement receivable	(396)	(6,470)
(Increase) in GST input tax credits receivable	(13,238)	(303)
(Increase) in net receivables	(14,464)	(19,025)
(Increase)/Decrease in inventories	627	(3,137)
(Increase)/Decrease in recurrent prepayments	(2,286)	1,181
Increase/(Decrease) in unearned revenue	3,053	(1,564)
Increase in employee provisions	16,529	6,760
Increase in payables	17,671	1,430
Increase in long service leave levy payable	1,377	6,465
Net cash used in operating activities	248,669	275,113

* Leave transfers to/from other departments are recognised directly against equity from 2000/2001 onwards. These were previously recognised as an expense or revenue of the Department.

28. Non cash financing and investing activities

Liabilities and/or expenses of the department assumed by the Government or other Government Agencies are set out in Note 26.

Department of Health
Notes to and forming part of the financial statements
for the year ended 30 June 2001

29. Commitments for expenditure

(a) Finance leases

Commitments under finance leases at the reporting date
are payable as follows:

Not later than one year	243	254
Later than one year and not later than five years	288	542
Later than five years	-	-
Minimum lease payments	531	796
Less: future interest charge	28	47
	503	749
Lease liabilities recognised in the statement of financial position:		
Current	230	235
Non-current	273	514
	503	749

(b) Non-cancellable operating lease commitments

Commitments in relation to non-cancellable operating leases
are as follows:

Not later than one year	1,095	8,921
Later than one year but not later than five years	6,364	19,062
Later than five years	36,632	25,656
	44,091	53,639

The aggregate net present value of cancellable and non-cancellable operating leases with individual net present values in excess of \$5 million is \$56.740 million (2000: \$59.719 million).

Of this amount \$33.734 million (2000: \$40.545 million) relates to non-cancellable operating leases.

(c) Expenditure commitments

Material expenditure commitments contracted for but not recognised are payable as follows:

Capital works	226,831	285,154
Supplies	1,362	2,819
Repairs and maintenance	6,079	8,178
Employment	2,511	1,399
Other	33,968	23,483
	270,751	321,033
Not later than one year	187,183	273,887
Later than one year and not later than five years	67,875	36,514
Later than five years	15,693	10,632
	270,751	321,033

Department of Health
Notes to and forming part of the financial statements
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	2001 \$'000	2000 \$'000
(d) Grants and subsidies		
Commitments for grants and subsidies		
Not later than one year	261,732	52,163
Later than one year and not later than five years	452,283	2,823
Later than five years	-	-
	714,015	54,986

30. Contingencies

(a) Guarantees and undertakings

As at 30 June 2001, the Department held the following guarantees and undertakings from third parties. These amounts have not been recognised as assets in the financial statements.

Guarantees	3,182	21,615
Undertakings	20,373	28,286
Other	-	110
	23,555	50,011

Guarantees and undertakings are held in relation to facility construction under the Department's capital works program.

(b) Litigation in progress

	2001 No of cases	2000 No of cases
Cases have been filed with the courts as follows:		
Supreme court	203	187
District court	187	179
Magistrates court	73	51
Total	463	417

The department's legal advisers and management believe that it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the Courts at this time.

The department has also received notification of other cases that are not yet subject to Court action. These cases may result in subsequent litigation.

(c) Native title

Native title claims continue to be made across the state which include departmental land. Determinations have been made by the Federal Court, however, these have not affected the department's land interests.

(d) Grants and subsidies

As at 30 June 2001, approval has been given with formal agreement to pay the following grants and subsidies provided certain criteria are met:

	2001 \$'000	2000 \$'000
	512	225,000

Department of Health
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31. Restricted assets

The department recognises as revenue grants and donations from benefactors to further research in specified areas. At 30 June 2001, the amount of \$21.297 million (2000: \$15.321 million) remained unexpended. These monies can only be spent on the specified purpose underlying the grant or donation.

32. Fiduciary trust transactions and balances

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed here for information purposes.

	2001 \$'000	2000 \$'000
Fiduciary trust revenue and expenses		
Administered revenue		
Patient trust revenue	22,279	17,287
Total administered revenue	22,279	17,287
Administered expenses		
Patient trust related expenses	21,840	18,026
Total administered expenses	21,840	18,026
Increase (decrease) in net patient trust assets	439	(739)
Decrease in net refundable deposits	(61)	(74)
Fiduciary trust assets		
Current assets		
Cash		
Patients deposits	6,552	6,113
Other refundable deposits	269	330
Total assets	6,821	6,443

These balances are not controlled funds of the department. However, they are included in the audit review performed annually by the Queensland Audit Office.

33. Chief executive remuneration

Level	Superannuable salary (\$ per annum)	
	Minimum \$	Maximum \$
CEO 3	182,335	197,939

In addition to this base superannuable salary, the Chief Executive is eligible for consideration of a performance bonus of up to 15 per cent, subject to the Premier's assessment. The total bonus quantum paid to all Chief Executives of departments is published in the Annual Report of the Office of Public Service Merit and Equity.

Department of Health
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34. Arrangements for the provision of public infrastructure by other entities

BOOT (refer note 2 (l)) arrangements in operation as at 30 June 2001 are:

Facility	Health service district	Counterparty	Term of agreement	Commencement date
Butterfield Street Carpark	Royal Brisbane Hospital	International Parking Group Pty Limited	20 years	January 1998
Bramston Terrace Carpark	Royal Childrens Hospital	Corporate Capital Investments Pty Ltd	20 years	November 1998
Central Energy Facility	Redcliffe-Caboolture	Origin Energy Retail Ltd	15 years	February 1999
St Vincent's Hospital and Health Service Robina	Gold Coast	Sisters of Charity Health Service Queensland Ltd	20 years	April 2000
Noosa Hospital and Specialist Centre	Sunshine Coast	Mayne Nickless Ltd	20 years	September 1999
The Prince Charles Hospital Carpark	Prince Charles Hospital	International Parking Group Pty Limited	22 years	November 2000

Assets and liabilities

The department's land where facilities have been constructed is treated as being subject to an operating lease. To date no rights or obligations relating to these facilities have been recognised by Queensland Health with respect to these arrangements other than those associated with land rental and the provision of services under the agreements.

	2001	2000
	\$'000	\$'000
<i>Accrued expenses</i>		
Current	1,285	1,380
<i>Unearned revenue</i>		
Current	170	125
Non-current	2,862	2,063
	3,032	2,188

Revenues and expenses

Revenues and expenses recognised in relation to these arrangements are shown in the following table:

User charges	505	1,068
Grants and subsidies	31,793	12,800
Supplies and services	1,596	1,548
	33,389	14,348

Department of Health
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Butterfield Street Carpark

A \$2.5 million up-front payment for rental of land on which the carpark has been built was received at the commencement of the carpark operations in January 1998. This amount is being recognised over the term of the agreement. Rental of \$0.3 million per annum is also received from the carpark operator. Although the carpark operator charges a fee for use of the carpark facility, under the agreement, Queensland Health staff are entitled to concessional rates.

Bramston Terrace Carpark

A \$1.32 million upfront payment for rent of land on which the carpark has been built was received on commencement of the carpark operations in November 1998. This amount was fully recognised in the year of receipt. A peppercorn rental of \$1 is paid each year over the term of the agreement. Although the carpark operator charges a fee for use of the carpark facility, under the agreement, Queensland Health staff are entitled to concessional rates.

Central Energy Facility

Under this arrangement the operator has exclusive right to supply energy to Redcliffe Hospital for the term of the agreement.

Noosa Hospital and Specialist Centre and St Vincent's Hospital and Health Service Robina

These agreements have been structured to transfer substantially the risks associated with the operation of a public hospital to private sector entities. The Noosa Hospital and Specialist Centre commenced operations in September 1999; the St Vincent's Hospital and Health Service commenced operations in April 2000. Under these arrangements, Queensland Health funds the operators for the provision of services to public patients. The level of services and the amount paid is subject to an annual review. Indicatively the total amounts incurred by Queensland Health during 2000/2001 were \$11.101 million (1999/2000 \$8.2 million) for the Noosa Hospital and Specialist Centre and \$20.392 million (1999/2000 \$4.6 million) for the St Vincent's Hospital and Health Service Robina. Allocations for 2001/2002 are \$11.955 million for the Noosa Hospital and Specialist Centre and \$22.500 million for St Vincent's Hospital and Health Service Robina.

Capital recovery charges are paid to operators as part of the service agreements for the purpose of maintaining public infrastructure. An estimate of the value of the assets to be transferred on completion of the agreements has not yet been determined.

The operators are not permitted to charge any fees to public patients other than those normally charged for a service in a public hospital.

The Prince Charles Hospital Carpark

A \$1.0 million up-front payment for rental of land on which the carpark has been built was received at the commencement of the carpark operations in November 2000. This amount is being recognised over the term of the agreement. Rental of \$0.05 million per annum is also received from the carpark operator. Although the carpark operator charges a fee for use of the carpark facility, under the agreement, Queensland Health staff are entitled to concessional rates.

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<i>Cash flow</i>	Butterfield Street Carpark	Bramston Terrace Carpark	Prince Charles Hospital Carpark	Central Energy Facility*	St Vincents Hospital and Health Service Robina*	Noosa Hospital and Specialist Centre*	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Inflows</i>							
Not later than 1 year	300	-	50	-	-	-	350
Later than 1 year but not later than 5 years	1,200	-	200	-	-	-	1,400
Later than 5 years but not later than 10 years	1,500	-	250	-	-	-	1,750
Later than 10 years	600	-	550	-	-	-	1,150
<i>Outflows</i>							
Not later than 1 year	300	-	-	1,600	22,500	11,955	36,355
Later than 1 year but not later than 5 years	1,200	-	-	6,400	90,000	47,820	145,420
Later than 5 years but not later than 10 years	1,500	-	-	8,000	112,500	59,775	181,775
Later than 10 years	600	-	-	4,800	315,000	107,595	427,995
Net indicative cash flow	-	-	1,050	(20,800)	(540,000)	(227,145)	(786,895)

* Cash flow information is indicative only. Each arrangement is subject to certain conditions being met

35. Collocation arrangements

Collocation arrangements (refer note 2 (m)) in operation as at 30 June 2001 are:

Facility	Health service district	Counterparty	Term of agreement	Commencement date
Logan Private Hospital	Logan-Beaudesert	HCOA Holdings Pty Limited	25 years	February 1998
Redlands Private Hospital	Bayside	Sisters of Mercy	25 years	August 1999
Caboolture Private Hospital	Redcliffe-Caboolture	Mayne Nickless Limited	25 years	September 1997

Department of Health
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36. Financial Instruments

(a) Terms, conditions and accounting policies

Financial Assets

Financial instrument	Accounting policies	Terms and conditions
Cash	Cash includes cash on hand and cash at bank. Cash at bank represents deposits at call which are readily convertible to cash and which are used in the daily cash management function of the Department.	Cash deposited with the Queensland Treasury Department earns interest at 5% calculated on daily balances. Overdraft balances attract a 9% penalty interest charge.
Receivables (trade debtors)	Trade debtors are carried at nominal amounts less any provision for doubtful debts.	Trade sales are settled within 60 days after an invoice is issued.
Receivables (other than trade debtors)	Amounts other than trade debtors are carried at nominal amounts.	Other than receivables from Government, employees and other specific agreements, settlement is within 60 days. Loans and advances settle from three to fifteen months. No collateral is held for loans and advances made and no interest is charged on outstanding amounts

Financial Liabilities

Financial instrument	Accounting policies	Terms and conditions
Creditors	Creditors are recognised upon receipt of goods and services, irrespective of whether an invoice has been received. Creditors are measured based on agreed purchase/contract price.	The amounts are unsecured and are usually settled within 30 days or sooner depending on the availability of settlement discounts.
Finance Lease Liability	The finance lease liabilities are accounted for in accordance with AAS17 <i>Leases</i> . Interest is charged as an expense as it accrues.	The finance leases have a term of between 1 to 4 years. The average rate implicit in the leases is 1.72%
QTC Borrowings	Borrowings from the Queensland Treasury Corporation (QTC) are recorded at book value. Interest is charged as an expense as it accrues.	Borrowings are from QTC's fifteen-year debt pool. Periodic repayments are made quarterly in arrears. The average fixed rate is 7.21%

Department of Health
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(b) Interest rate risk exposure

The department's exposure to interest rate risk and effective interest rates of financial assets and liabilities are shown in the following table. All assets and liabilities are shown by maturity or contract repricing dates and at face value.

	Contractual repricing/maturity date:				Total \$'000	Weighted average rate: %
	1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Non interest bearing \$'000		
Financial assets						
Cash	181,491	-	-	-	181,491	5.0
Receivables	-	-	-	83,423	83,423	-
Total	181,491	-	-	83,423	264,914	-
Financial liabilities						
Payables	-	-	-	115,765	115,765	-
QTC borrowings	46,090	209,826	338,643	-	594,559	7.21
Finance lease liabilities	230	273	-	-	503	1.72
Total	46,320	210,099	338,643	115,765	710,827	-

(c) Credit risk exposure

Credit risk exposure represents the extent of credit related losses that the department may be subject to on amounts exchanged under loans and accounts receivable from financial assets.

The carrying amount of financial assets in the Statement of Financial Position represents the maximum credit risk exposure as at 30 June 2001.

Concentrations of credit risk on trade and other debtors are summarised as General Public \$57.093 million; Public Sector \$26.020 million.

Queensland Health has some exposure to foreign exchange risk through its capital works program and purchase of supplies required as part of providing health services. Management of foreign exchange risk is being addressed as part of Queensland Health's business risk management framework currently under development.

(d) Net fair value

The carrying amount of all financial assets and liabilities equates to net fair value, except for QTC borrowings which are recognised at book value. Refer note 23.

Department of Health
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37. Administered transactions and balances

Due to altered revenue retention arrangements with Queensland Treasury, all commonwealth grants, licences and registration charges are now regarded as controlled revenue from 2000/2001 onwards. Previously these revenue items were regarded as administered. From 2000/2001 onwards administered revenue and expenses relate solely to fines.

Administered transactions and balances as at 30 June 2001 are:

	2001 \$'000	2000 \$'000
Total administered revenues	92	1,099,057
<p>The large variation in administered revenue is mainly due to the Commonwealth Government AHCA base grant (2001 \$1,109.841million; 2000 \$1,035.111 million), Nursing Home (2001 \$45.083 million; 2000 \$43.298 million) and other specific grants (2001 \$24.498 million; 2000 \$19.917 million) being classified as controlled revenue from 2000/2001. Refer note 6.</p>		
Total administered expenses	92	1,099,057
<p>The large variation in administered expenses reflects the altered administered revenue situation. Administered revenue earned incurs an administered expense for amounts to be returned to Queensland Treasury.</p>		
Total administered assets	701	6,347
<p>Decreased administered assets reflect the decreased administered cash flow and receivables due to the altered classification of administered revenue.</p>		
Total administered liabilities	701	6,347
<p>Decreased administered liabilities reflect the reduced amount payable to Queensland Treasury for administered revenue earned.</p>		