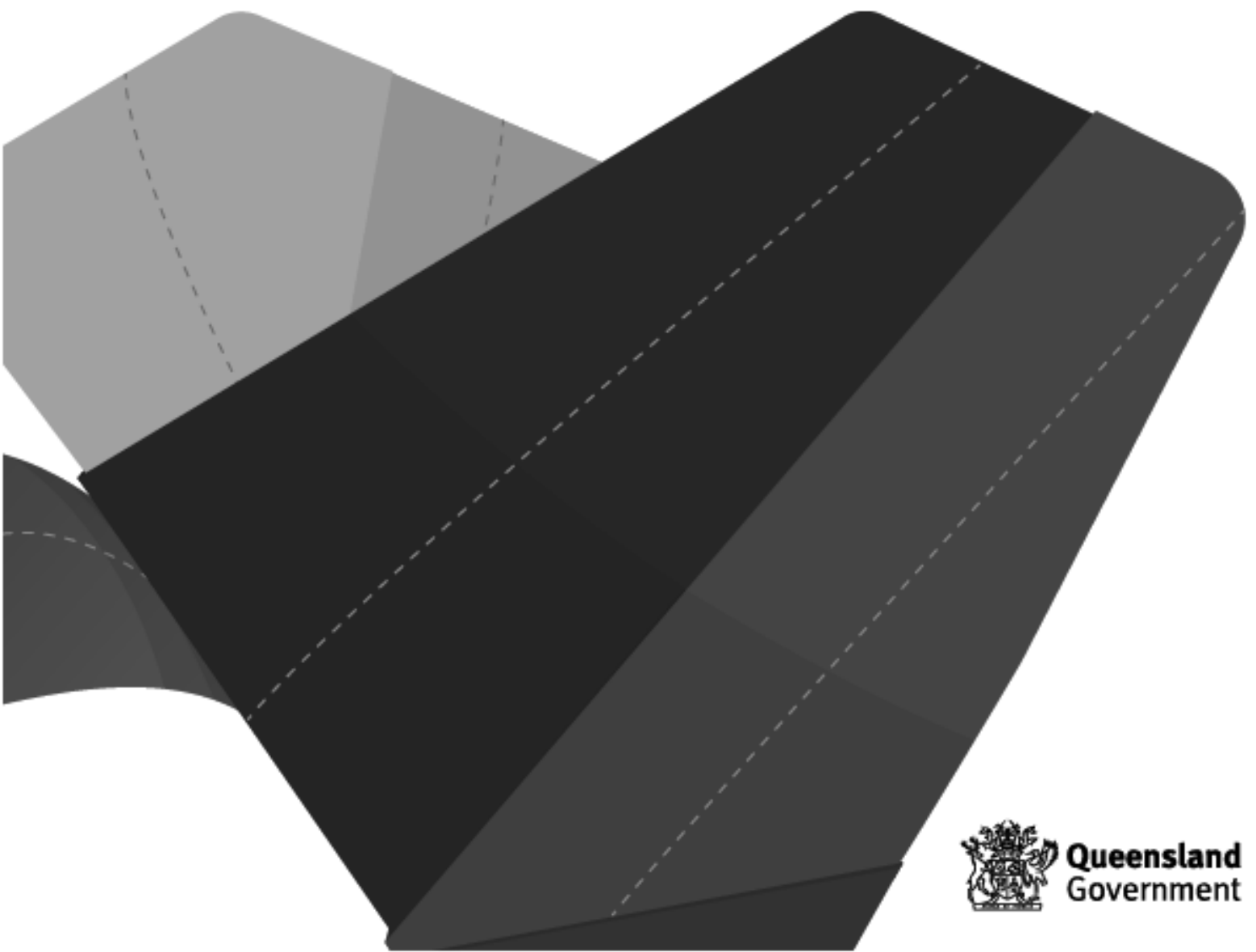


Financial Statements

30 June 2021

Department of Health

Financial Statements - 30 June 2021



Department of Health

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For the year ended 30 June 2021

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General Information

Department of Health (the Department) is a Queensland Government department established under the *Public Service Act 2008* and its registered trading name is Queensland Health.

Queensland Health is controlled by the State of Queensland which is the ultimate parent entity.

The head office and principal place of business of the Department is:

1 William Street
Brisbane
Queensland 4000

For information in relation to the Department's financial statements, email FIN_Corro@health.qld.gov.au or visit the Department of Health website at <http://www.health.qld.gov.au>.

Department of Health

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021 \$'000	Original Budget 2021 \$'000	2020 \$'000	Ref*	Actual vs budget variance \$'000
REVENUE						
Appropriation revenue	2	12,012,518	12,638,659	11,685,954	i.	(626,141)
User charges	3	1,995,957	1,860,427	1,765,411	ii.	135,530
Labour recoveries	3	9,588,771	9,418,037	2,677,123	iii.	170,734
Grants and other contributions	3	5,961,233	5,645,020	5,549,356	iv.	316,213
Other revenue	3	240,183	31,984	57,083	v.	208,199
Share of gain from associates	22	386	-	-		386
Interest revenue		2,910	617	2,581		2,293
TOTAL REVENUE		29,801,958	29,594,744	21,737,508		207,214
EXPENSES						
Employee expenses	4	(11,339,227)	(11,146,252)	(4,354,976)	vi.	(192,975)
Supplies and services	7	(1,879,517)	(2,685,554)	(1,676,085)	vii.	806,037
Health services	8	(16,056,592)	(15,382,001)	(15,383,746)	viii.	(674,591)
Grants and subsidies	9	(124,939)	(62,621)	(90,756)	ix.	(62,318)
Depreciation and amortisation	16, 17, 18	(142,469)	(170,434)	(144,625)	x.	27,965
Net impairment losses on financial and contract assets		(54,813)	(1,344)	(632)	xi.	(53,469)
Share of loss from associates	22	-	-	(2,355)		-
Other expenses	10	(199,017)	(141,538)	(82,153)	xii.	(57,479)
TOTAL EXPENSES		(29,796,574)	(29,589,744)	(21,735,328)		(206,830)
SURPLUS/(DEFICIT) FOR THE YEAR		5,384	5,000	2,180		384
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified subsequently to profit or loss						
Increase/(decrease) in asset revaluation surplus		12,395	-	18,345		12,395
OTHER COMPREHENSIVE INCOME FOR THE YEAR		12,395	-	18,345		12,395
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,779	5,000	20,525		12,779

* This relates to Actual vs budget comparison commentary section (page 6).

Department of Health

Statement of financial position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	12	413,725	932,591
Loans and receivables	14	2,309,179	1,344,816
Inventories	15	231,436	169,186
Prepayments		66,128	87,168
Other assets		13	8,663
TOTAL CURRENT ASSETS		3,020,481	2,542,424
<i>Non-current Assets</i>			
Loans and receivables	14	106,557	99,597
Property, plant and equipment	16	1,001,661	1,091,420
Right-of-use assets	17	20,726	19,572
Intangibles	18	321,354	334,903
Interests in associates	22	73,072	72,686
Other assets		6,675	5,748
TOTAL NON-CURRENT ASSETS		1,530,045	1,623,926
TOTAL ASSETS		4,550,526	4,166,350
LIABILITIES			
<i>Current Liabilities</i>			
Payables	19	2,010,130	1,474,285
Accrued employee benefits	20	660,808	913,226
Lease liabilities	17	3,239	4,065
Other liabilities		1,106	1,068
TOTAL CURRENT LIABILITIES		2,675,283	2,392,644
<i>Non-current Liabilities</i>			
Lease liabilities	17	83,499	73,773
Other liabilities		553	1,587
TOTAL NON-CURRENT LIABILITIES		84,052	75,360
TOTAL LIABILITIES		2,759,335	2,468,004
NET ASSETS		1,791,191	1,698,346
EQUITY			
Contributed equity		211,918	136,846
Asset revaluation surplus	21	243,383	245,025
Retained surpluses		1,335,890	1,316,475
TOTAL EQUITY		1,791,191	1,698,346

Department of Health

Statement of changes in equity

For the year ended 30 June 2021

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
BALANCE AT 1 JULY 2019	85,559	225,804	1,315,172	1,626,535
Surplus for the year	-	-	2,180	2,180
Increase/(decrease) in asset revaluation surplus	-	18,345	-	18,345
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	18,345	2,180	20,525
Transactions with owners in their capacity as owners:				
Equity injections	458,793	-	-	458,793
Equity withdrawals	(747,777)	-	-	(747,777)
HHS equity transfers*	411,545	-	-	411,545
Reclassification between equity classes	-	876	(876)	-
Net assets transferred to HHSs	(68,861)	-	-	(68,861)
Net assets transferred to Department of Transport and Main Roads	(2,412)	-	-	(2,412)
Other equity adjustments	(1)	-	(1)	(2)
BALANCE AT 30 JUNE 2020	136,846	245,025	1,316,475	1,698,346

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
BALANCE AT 1 JULY 2020	136,846	245,025	1,316,475	1,698,346
Surplus for the year	-	-	5,384	5,384
Increase/(decrease) in asset revaluation surplus	-	12,395	-	12,395
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	12,395	5,384	17,779
Transactions with owners in their capacity as owners:				
Equity injections	772,991	-	-	772,991
Equity withdrawals	(790,418)	-	-	(790,418)
HHS equity transfers*	290,522	-	-	290,522
Reclassification between equity classes	-	(14,037)	14,037	-
Net assets transferred to HHSs	(198,023)	-	-	(198,023)
Other equity adjustments	-	-	(6)	(6)
BALANCE AT 30 JUNE 2021	211,918	243,383	1,335,890	1,791,191

Significant accounting policies

Non-exchange transfers of assets and liabilities between wholly owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to contributed equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

* Hospital and Health Services (HHSs) are independent statutory bodies and equity injections should not be taken to indicate control or ownership by the Department. HHS equity transfers represent equity withdrawals for reimbursements of a capital nature, offset by injections mainly relating to depreciation funding.

Department of Health

Statement of cash flows

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Appropriation revenue receipts		12,332,464	11,638,476
User charges		1,577,304	1,636,646
Labour recoveries		9,882,790	2,366,934
Grants and other contributions		5,880,091	5,504,965
GST collected from customers		10,451	11,056
GST input tax credits		292,406	249,846
Other revenue		239,647	58,771
Payroll loans and advances		4,934	3,041
<i>Outflows</i>			
Employee expenses		(11,588,877)	(3,889,167)
Supplies and services		(1,655,959)	(1,536,714)
Health services		(15,445,625)	(14,714,850)
Grants and subsidies		(124,939)	(90,756)
GST paid to suppliers		(276,957)	(257,964)
GST remitted		(26,387)	(1,056)
Other expenses		(204,981)	(24,182)
Cash recoupment from HHSs/(payments made on behalf of HHSs)		(403,575)	(86,248)
NET CASH FROM/(USED BY) OPERATING ACTIVITIES	11	492,787	868,798
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows</i>			
Proceeds from sale of property, plant and equipment		4,130	22,000
<i>Outflows</i>			
Payments for property, plant and equipment		(206,600)	(247,645)
Payments for intangibles		(20,543)	(34,238)
NET CASH FROM/(USED BY) INVESTING ACTIVITIES		(223,013)	(259,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Inflows</i>			
Equity injections*		540,503	480,057
<i>Outflows</i>			
Equity withdrawals*		(1,320,337)	(1,142,799)
Lease payments		(8,806)	(6,402)
NET CASH FROM/(USED BY) FINANCING ACTIVITIES		(788,640)	(669,144)
NET INCREASE/(DECREASE) IN CASH HELD		(518,866)	(60,229)
Cash and cash equivalents at the beginning of the financial year		932,591	992,820
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	12	413,725	932,591

* Details of the Department's change in liability for equity withdrawals payable/receivable is outlined in Note 2.

Department of Health

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Actual vs budget comparison

i. The \$626.1M variance in Appropriation revenue is mainly due to deferrals (\$554.6M) of funding appropriation received. The remainder of the variance is predominantly related to funding swaps of \$146.2M as approved by Queensland Treasury throughout the year, offset by additional state funded COVID-19 receipts (\$78.4M).

ii. The \$135.5M variance in User charges is mainly due to both Sale of goods and Services and Hospital fees being higher than budget. The Sale of Goods and Services variance (\$124.6M) is largely owing to an increase (\$45.4M) in clinical supplies revenue from HHSs, which is driven by higher consumption levels due to COVID-19; growth (\$33.4M) in telecommunications and computer related Fee for Service revenue and Pathology revenue recoveries from HHSs (\$32.8M). The \$29.7M variance in hospital fees is largely driven by Cross border fees, affected by multiple years' interstate reconciliations and a resolution to the funding agreement between Queensland and New South Wales.

iii. The \$170.7M variance in Labour recoveries is mainly due to changes in HHS FTEs over the course of the year. HHS FTEs increased by 1,989 predominantly due to changes in activities at these HHSs.

iv. The \$316.2M variance in Grants and contributions is mostly owing to the recognition of an additional \$314.0M COVID-19 funding from the Commonwealth National Partnership Agreement. This was not known at the time of the budget.

v. The \$208.2M variance in Other revenue is largely due to the recognition of COVID-19 Quarantine fees revenue (\$179.4M) not known at the time of budget. The remainder of the variance is due to higher than anticipated Non-Government Organisation (NGO) funding recalls from prior years due to COVID-19 impacts on funded projects and programs (\$25.2M) and Other recoveries and reimbursements (\$12.3M).

vi. The \$193.0M variance in Employee expenses is largely owing to increased Salaries and wages (\$176.1M), fully offset by labour recoveries, which is largely driven by an increase (1,989) in HHS FTEs during the year. Also contributing to the variance was the \$54.2M impact of a \$1,250 one-off payment made across various streams, which was not known at the time of the budget.

vii. The \$806.0M variance in Supplies and services is mainly due to funding being re-directed throughout the year from Supplies and services to purchase health services from the HHSs.

viii. The \$674.6M variance in Health services is mainly due to increased funding for COVID-19 expenditure (\$473.5M) that was not known at the time of the budget, and also additional funding (\$62.0M) provided to HHSs through in-year Service Agreement amendments to deliver additional activity, in order to meet increased Hospital and Health Services demand. The remainder of the variance is largely due to higher than budgeted depreciation funding (\$57.4M) in part owing to depreciation incurred on right of use assets recognised under AASB 16 Leases.

ix. The \$62.3M variance in grants and subsidies expense is mainly due to COVID-19 related payments (\$32.0M) made to other state government departments, and additional Home community and rural health services payments (\$21.1M), which were not known at the time of the budget.

x. The \$28.0M variance in Depreciation and amortisation is mainly owing to an overestimate in budgeted amortisation on computer software (\$19.0M) and a higher budgeted building depreciation amount of \$8.9M.

xi. The \$53.5M variance in Impairment losses is largely due to the recognition of a provision (\$54.5M) for doubtful debts relating to hotel quarantine fees recognised during 2020-21.

xii. The \$57.5M variance in Other expenses largely relates to an increase (\$44.4M) in inventory obsolescence expense, with other movements relating to additional special payments and sundry expenses which were not known at the time of the budget.

Department of Health

Statement of profit or loss and other comprehensive income by major departmental services

For the year ended 30 June 2021

	Acute Inpatient Care		Emergency Care		Mental Health and Alcohol and Other Drug Services		Outpatient Care		Sub and Non-Acute Care		Prevention, Primary and Community Care		Ambulance Services		Inter Service/Unit Eliminations		Total Major Departmental Services		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
REVENUE																			
Appropriation revenue	5,411,973	5,270,821	1,098,282	1,068,739	1,180,678	1,106,901	1,325,555	1,364,680	473,562	464,203	1,644,103	1,576,596	878,365	834,014	-	-	12,012,518	11,685,954	
User charges	954,960	838,624	193,795	170,044	208,334	176,115	233,898	217,131	83,562	73,858	290,107	250,845	54,804	56,441	(23,503)	(17,647)	1,995,957	1,765,411	
Labour recoveries	4,660,808	1,300,287	945,844	263,653	1,016,804	273,067	1,141,573	336,660	407,834	114,517	1,415,908	388,939	-	-	-	-	9,588,771	2,677,123	
Grants and other contributions	2,847,672	2,648,593	577,894	537,042	621,249	556,219	697,480	685,754	249,180	233,262	953,667	875,261	14,091	13,225	-	-	5,961,233	5,549,356	
Other revenue	115,815	26,915	23,503	5,457	25,266	5,652	28,366	6,968	10,134	2,370	35,183	8,050	1,916	1,671	-	-	240,183	57,083	
Share of gain from associates	180	-	27	-	35	-	33	-	12	-	99	-	-	-	-	-	386	-	
Interest revenue	1,414	1,254	287	254	309	263	346	325	124	110	430	375	-	-	-	-	2,910	2,581	
TOTAL REVENUE	13,992,822	10,086,494	2,839,632	2,045,189	3,052,675	2,118,217	3,427,251	2,611,518	1,224,408	888,320	4,339,497	3,100,066	949,176	905,351	(23,503)	(17,647)	29,801,958	21,737,508	
EXPENSES																			
Employee expenses	5,209,658	1,793,547	1,051,439	346,327	1,120,962	367,836	1,269,020	438,176	453,425	148,867	1,491,919	558,367	742,804	701,856	-	-	11,339,227	4,354,976	
Supplies and services	844,724	753,877	158,057	138,084	177,354	152,328	190,764	172,867	68,289	58,649	311,624	269,942	152,208	147,985	(23,503)	(17,647)	1,879,517	1,676,085	
Health services	7,796,810	7,474,119	1,610,423	1,553,101	1,690,693	1,566,359	1,943,678	1,991,950	694,101	677,961	2,319,201	2,115,058	1,686	5,198	-	-	16,056,592	15,383,746	
Grants and subsidies	22,964	18,542	3,532	2,803	41,000	23,501	4,262	3,357	1,534	1,132	51,632	41,383	15	38	-	-	124,939	90,756	
Depreciation and amortisation	47,503	50,077	7,306	7,573	9,413	9,631	8,817	9,067	3,174	3,057	26,404	25,460	39,852	39,760	-	-	142,469	144,625	
Net impairment losses on financial and contract assets	24,231	(605)	3,727	(92)	4,802	(117)	4,498	(110)	1,619	(37)	13,470	(308)	2,466	1,901	-	-	54,813	632	
Share of loss from associates	-	1,124	-	170	-	216	-	204	-	69	-	572	-	-	-	-	-	2,355	
Other expenses	89,803	37,274	13,858	5,637	17,810	7,169	16,726	6,749	6,020	2,276	49,655	18,951	5,145	4,097	-	-	199,017	82,153	
TOTAL EXPENSES	14,035,693	10,127,955	2,848,342	2,053,603	3,062,034	2,126,923	3,437,765	2,622,260	1,228,162	891,974	4,263,905	3,029,425	944,176	900,835	(23,503)	(17,647)	29,796,574	21,735,328	
(DEFICIT)/SURPLUS FOR THE YEAR	(42,871)	(41,461)	(8,710)	(8,414)	(9,359)	(8,706)	(10,514)	(10,742)	(3,754)	(3,654)	75,592	70,641	5,000	4,516	-	-	5,384	2,180	
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS																			
Increase/(decrease) in asset revaluation surplus	5,913	2,944	909	445	1,172	566	1,098	533	395	180	3,287	1,497	(379)	12,180	-	-	12,395	18,345	
OTHER COMPREHENSIVE INCOME	5,913	2,944	909	445	1,172	566	1,098	533	395	180	3,287	1,497	(379)	12,180	-	-	12,395	18,345	
TOTAL COMPREHENSIVE INCOME	(36,958)	(38,517)	(7,801)	(7,969)	(8,187)	(8,140)	(9,416)	(10,209)	(3,359)	(3,474)	78,879	72,138	4,621	16,696	-	-	17,779	20,525	

The accompanying notes form part of these statements.

Department of Health

Statement of assets and liabilities by major departmental services

As at 30 June 2021

	Acute Inpatient Care		Emergency Care		Mental Health and Alcohol and Other Drug Services		Outpatient Care		Sub and Non-Acute Care		Prevention, Primary and Community Care		Ambulance Services		Inter Service/Unit Eliminations		Total Major Departmental Services		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS																			
Cash and cash equivalents	173,671	423,408	35,244	85,852	37,888	88,918	42,537	109,626	15,197	37,290	52,760	126,649	56,428	60,848	-	-	-	413,725	932,591
Loans and receivables	1,110,048	640,754	225,268	129,922	242,169	134,562	271,884	165,899	97,132	56,431	337,222	191,661	29,975	28,981	(4,519)	(3,394)	-	2,309,179	1,344,816
Inventories	112,493	82,174	22,829	16,662	24,542	17,257	27,553	21,276	9,844	7,237	34,175	24,580	-	-	-	-	-	231,436	169,186
Prepayments	27,415	40,953	5,564	8,304	5,981	8,600	6,715	10,603	2,399	3,607	8,329	12,250	9,725	2,851	-	-	-	66,128	87,168
Other assets	6	4,207	1	853	1	884	2	1,089	1	371	2	1,259	-	-	-	-	-	13	8,663
TOTAL CURRENT ASSETS	1,423,633	1,191,496	288,906	241,593	310,581	250,221	348,691	308,493	124,573	104,936	432,488	356,399	96,128	92,680	(4,519)	(3,394)	-	3,020,481	2,542,424
NON-CURRENT ASSETS																			
Loans and receivables	51,794	48,374	10,511	9,809	11,299	10,159	12,686	12,525	4,532	4,260	15,735	14,470	-	-	-	-	-	106,557	99,597
Interests in associates	35,518	35,304	7,208	7,158	7,749	7,414	8,699	9,141	3,108	3,109	10,790	10,560	-	-	-	-	-	73,072	72,686
Property, plant and equipment	236,365	278,302	47,967	56,430	51,566	58,445	57,893	72,056	20,683	24,510	71,806	83,245	515,381	518,432	-	-	-	1,001,661	1,091,420
Right-of-use-assets	10,075	8,840	2,044	1,793	2,198	1,857	2,467	2,289	882	779	3,060	2,644	-	1,370	-	-	-	20,726	19,572
Intangibles	151,016	157,817	30,646	32,000	32,946	33,142	36,988	40,861	13,214	13,899	45,877	47,206	10,667	9,978	-	-	-	321,354	334,903
Other assets	3,244	2,792	658	566	708	586	795	723	284	246	986	835	-	-	-	-	-	6,675	5,748
TOTAL NON-CURRENT ASSETS	488,012	531,429	99,034	107,756	106,466	111,603	119,528	137,595	42,703	46,803	148,254	158,960	526,048	529,780	-	-	-	1,550,045	1,623,926
TOTAL ASSETS	1,911,645	1,722,925	387,940	349,349	417,047	361,824	468,219	446,088	167,276	151,739	580,742	515,359	622,176	622,460	(4,519)	(3,394)	-	4,550,526	4,166,350
CURRENT LIABILITIES																			
Payables	967,410	704,320	196,322	142,812	211,051	147,911	236,948	182,357	84,651	62,030	293,890	210,675	24,377	27,574	(4,519)	(3,394)	-	2,010,130	1,474,285
Accrued employee benefits	304,261	422,769	61,745	85,723	66,378	88,784	74,523	109,460	26,624	37,233	92,431	126,457	34,846	42,800	-	-	-	660,808	913,226
Lease liabilities	1,575	1,299	319	264	343	273	386	337	138	115	478	389	-	1,388	-	-	-	3,239	4,065
Other liabilities	534	503	109	102	117	105	131	130	47	44	163	150	5	34	-	-	-	1,106	1,068
TOTAL CURRENT LIABILITIES	1,273,780	1,128,891	258,495	228,901	277,889	237,073	311,988	292,284	111,460	99,422	386,962	337,671	59,228	71,796	(4,519)	(3,394)	-	2,675,283	2,392,644
NON-CURRENT LIABILITIES																			
Lease liabilities	40,587	35,832	8,236	7,265	8,854	7,525	9,941	9,277	3,551	3,156	12,330	10,718	-	-	-	-	-	83,499	73,773
Other liabilities	267	770	55	156	59	162	66	200	24	68	82	231	-	-	-	-	-	553	1,587
TOTAL NON-CURRENT LIABILITIES	40,854	36,602	8,291	7,421	8,913	7,687	10,007	9,477	3,575	3,224	12,412	10,949	-	-	-	-	-	84,052	75,360
TOTAL LIABILITIES	1,314,634	1,165,493	266,786	236,322	286,802	244,760	321,995	301,761	115,035	102,646	399,374	348,620	59,228	71,796	(4,519)	(3,394)	-	2,759,335	2,468,004
NET ASSETS	597,011	557,432	121,154	113,027	130,245	117,064	146,224	144,327	52,241	49,093	181,368	166,739	562,948	550,664	-	-	-	1,791,191	1,698,346

The accompanying notes form part of these statements.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Major services

Significant accounting policies

The revenue and expenses of the Department's corporate services are allocated based on the services they primarily support. These are included in the Statement of profit or loss and other comprehensive income by major departmental services.

There were seven major health services delivered by the Department of Health. These reflect the Department's planning priorities as articulated in the Department of Health Strategic Plan 2021-2025 and support investment decision making based on the health continuum. The identity and purpose of each service is summarised as follows:

Acute Inpatient Care

Aims to provide safe, timely, appropriately accessible, patient centred care that maximises the health outcomes of patients. A broad range of services are available to patients under a formal admission process and can refer to care provided in hospital and/or in a patient's home.

Emergency Care

Aims to minimise early mortality and complications through diagnosing and treating acute and urgent illness and injury. This major service is provided by a wide range of facilities and providers from remote nurse run clinics, general practices, retrieval services, through to Emergency Departments.

Mental Health and Alcohol and Other Drug Services

Aims to promote the mental health of the community, prevent the development of mental health problems and address the harms arising from the use of alcohol and other drugs. This service aims to provide timely access to safe, high quality assessment and treatment services.

Outpatient Care

Aims to deliver coordinated care, clinical follow-up and appropriate discharge planning throughout the patient journey. Outpatient services are examinations, consultations, treatments or other services provided to patients who are not currently admitted to hospital that require specialist care. Outpatient services also provide associated allied health services (such as physiotherapy) and diagnostic testing.

Sub and Non-Acute Care

Aims to optimise patients functioning and quality of life and comprises rehabilitation care, palliative care, geriatric evaluation and management care, psychogeriatric care and maintenance care.

Prevention, Primary and Community Care

Aims to prevent illness and injury, addresses health problems or risk factors, and protects the good health and wellbeing of Queenslanders. Services include health promotion, illness prevention, disease control, immunisation, screening, oral health services, environmental health, research, advocacy and community development, allied health, assessment and care planning.

Ambulance Services

The Ambulance Services provides timely and quality ambulance services which meet the needs of the Queensland community and includes emergency and non-urgent patient care, routine pre-hospital patient care and casualty room services, patient transport, community education and awareness programs and community first aid training. The Queensland Ambulance Service continues to operate under its own corporate identity.

Note 1. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they are not disclosed in any of the specific notes that follow this note. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These general-purpose financial statements have been prepared in compliance with section 38 of the *Financial and Performance Management Standard 2019* and in accordance with Australian Accounting Standards and Interpretations applicable to the Department's not-for-profit entity status. The financial statements comply with Queensland Treasury's reporting requirements and authoritative pronouncements.

Services provided free of charge or for a nominal value

The Department provides free corporate services to Hospital and Health Services (HHS). These services include payroll, accounts payable and banking.

The 2020-21 fair value of these services is estimated to be \$129.0M (\$119.3M for 2019-20) for payroll and \$8.2M (\$8.2M for 2019-20) for banking and accounts payable.

Goods and Services Tax and other similar taxes

Department of Health is a state body, as defined under the *Income Tax Assessment Act 1936*, and is exempt from Commonwealth taxation, with the exception of Fringe Benefits Tax and Goods and Services Tax. The Department satisfies section 149-25(e) of *A New Tax System (Goods and Services) Act 1999* and together with all Hospital and Health Services, forms a "group" for GST purposes.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except land and buildings which are measured at fair value and assets held for sale which are measured at fair value less costs to sell.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of financial position when the Department becomes a party to the contractual provisions of the financial instrument.

Financial instruments are classified and measured as follows:

- Receivables - held at amortised cost; and
- Payables - held at amortised cost.

The Department does not enter into transactions for speculative purposes, or for hedging.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 1. Significant accounting policies (continued)

Critical accounting judgement and key sources of estimation uncertainty

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements. The estimates and associated assumptions are based on historical experience and other factors that are considered as relevant and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Impairment of financial assets - Note 14 Loans and receivables;
- Estimation of fair values for land and buildings - Note 16 Property, plant and equipment;
- Estimated useful life of intangible assets - Note 18 Intangible assets; and
- Estimation uncertainties and judgements related to lease accounting – Note 17 Leases.

New and amended standards adopted

The Department has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2020:

- *AASB 1059 Service Concession Arrangements: Grantors* – This standard applies to entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services. The Department has reviewed its contracts and assessed that there are no service concession arrangements requiring recognition under this standard.

A number of other amendments and interpretations apply for the first time for the year ended 30 June 2021, but do not have an impact on the Department's financial statements.

New standards and interpretations not yet adopted

The Department is not permitted to early adopt accounting standards unless approved by Queensland Treasury.

The Department has not early adopted any new accounting standards or interpretations that have been published, and that are not mandatory for the 30 June 2021 reporting period.

Other presentation matters

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. Material changes to comparative information have been separately identified in the relevant note where required. Amounts have been rounded to the nearest thousand Australian dollars.

Department of Health
Notes to and forming part of the financial statements
For the year ended 30 June 2021

Note 2. Appropriation revenue

	2021 \$'000	2020 \$'000
RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO APPROPRIATED REVENUE RECOGNISED IN OPERATING RESULT		
Original budgeted appropriation	12,283,406	11,461,210
Transfers (to)/from other departments	-	437,000
Transfers (to)/from other headings	49,058	(3,518)
Lapsed appropriation revenue for other services	-	(256,216)
TOTAL APPROPRIATION RECEIPTS (CASH)	12,332,464	11,638,476
Less: Opening balance appropriation revenue receivable	(111,728)	(77,084)
Add: Closing balance appropriation revenue receivable	214,197	111,728
Add: Opening balance appropriation revenue payable	686,006	698,840
Less: Closing balance appropriation revenue payable	(1,108,421)	(686,006)
APPROPRIATION REVENUE FOR SERVICES RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12,012,518	11,685,954

	2021 \$'000	2020 \$'000
RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO EQUITY ADJUSTMENT		
Budgeted equity adjustment appropriation	(98,740)	(187,381)
Transfers (to)/from other headings	(49,532)	-
Treasurer's Advance	-	40,300
Lapsed appropriation	(90,355)	(130,313)
EQUITY ADJUSTMENT RECEIPTS (CASH)	(238,627)	(277,394)
Less: Opening balance appropriated equity injection receivable	(70,086)	(39,823)
Add: Closing balance appropriated equity injection receivable	305,548	70,086
Add: Opening balance appropriated equity withdrawal payable	103,093	61,240
Less: Closing balance appropriated equity withdrawal payable	(117,355)	(103,093)
EQUITY ADJUSTMENT RECOGNISED IN CONTRIBUTED EQUITY*	(17,427)	(288,984)

*This is net of equity injections and equity withdrawals.

Significant accounting policies

Appropriations provided under the 2020-21 Appropriation Bill and *Appropriation (COVID-19) Act 2020* are recognised as revenue when received, or as a receivable when approved by Queensland Treasury.

Funding received can exceed the associated expenditure over the financial year due to operating efficiencies, changes in activity levels or timing differences. Any unspent appropriation may be returned to the consolidated fund and may become available for re-appropriation in subsequent years.

Unspent appropriation for 2020-21 amounted to \$179.2M (\$155.2M in 2019-20). Revenue appropriations are received on the basis of budget estimates and various activity-specific agreements.

Department of Health
Notes to and forming part of the financial statements
For the year ended 30 June 2021

Note 3. Revenue

2021	User charges \$'000	Labour recoveries \$'000	Grants and other contributions \$'000	Other revenue \$'000	Total \$'000
CONTRACTS WITH CUSTOMERS					
Sale of goods and services	1,629,543	-	-	-	1,629,543
Hospital fees	268,048	-	-	-	268,048
Labour recoveries from non-prescribed HHSs	-	9,588,771	-	-	9,588,771
Australian Government - National Health Funding Pool - Activity based funding*	-	-	4,666,983	-	4,666,983
Quarantine Fees	-	-	-	179,419	179,419
Licence charges	-	-	-	5,123	5,123
	1,897,591	9,588,771	4,666,983	184,542	16,337,887
NON-CONTRACT REVENUE					
Hospital fees	91,869	-	-	-	91,869
Rental income	6,497	-	-	-	6,497
Australian Government - National Health Funding Pool - Other funding**	-	-	1,124,470	-	1,124,470
Other grants and donations	-	-	169,780	-	169,780
Recoveries and reimbursements	-	-	-	12,441	12,441
Grants returned	-	-	-	25,166	25,166
Sale proceeds of non-capitalised assets	-	-	-	924	924
Net gains from disposal/transfer of non-current assets	-	-	-	1,661	1,661
Other	-	-	-	15,449	15,449
	98,366	-	1,294,250	55,641	1,448,257
TOTAL	1,995,957	9,588,771	5,961,233	240,183	17,786,144

*Contract revenue includes \$258.6M of COVID-19 related funding.

**Non-contract revenue includes \$455.2M of COVID-19 related funding.

2020	User charges \$'000	Labour recoveries \$'000	Grants and other contributions \$'000	Other revenue \$'000	Total \$'000
CONTRACTS WITH CUSTOMERS					
Sale of goods and services	1,495,763	-	-	-	1,495,763
Hospital fees	182,252	-	-	-	182,252
Labour recoveries from non-prescribed HHSs	-	2,677,123	-	-	2,677,123
Australian Government - National Health Funding Pool - Activity based funding*	-	-	4,433,780	-	4,433,780
Licence charges	-	-	-	6,089	6,089
	1,678,015	2,677,123	4,433,780	6,089	8,795,007
NON-CONTRACT REVENUE					
Hospital fees	81,323	-	-	-	81,323
Rental income	6,073	-	-	-	6,073
Australian Government - National Health Funding Pool - Other funding**	-	-	958,095	-	958,095
Other grants and donations	-	-	157,481	-	157,481
Recoveries and reimbursements	-	-	-	13,654	13,654
Grants returned	-	-	-	17,827	17,827
Sale proceeds of non-capitalised assets	-	-	-	1,879	1,879
Net gains from disposal/transfer of non-current assets	-	-	-	90	90
Other	-	-	-	17,544	17,544
	87,396	-	1,115,576	50,994	1,253,966
TOTAL	1,765,411	2,677,123	5,549,356	57,083	10,048,973

*Contract revenue includes \$9.9M of COVID-19 related funding.

**Non-contract revenue includes \$334.6M of COVID-19 related funding.

Department of Health
Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 3. Revenue (continued)

Significant accounting policies

Under AASB 15 *Revenue from Contracts with Customers*, revenue is recognised when an entity transfers control of goods/services to a customer, at the amount to which the entity expects to be entitled. Depending on specific contractual terms, some revenue may be recognised at a point in time (e.g. when control is transferred to the customer) and other revenue may be recognised over the term of the contract (e.g. when the entity satisfies its performance obligations progressively over a period of time).

In assessing the correct accounting treatment of grants revenue, consideration is given as to whether the contract is enforceable and if the performance obligations are sufficiently specific. Where there is no enforceable contract, grants revenue is not recognised under AASB 15 but is recognised under AASB 1058 *Income for Not-for-Profit Entities*.

AASB 1058 guidance is that it is necessary to first determine whether each transaction, or part of that transaction, falls in the scope of AASB 15. Only if AASB 15 does not apply, should AASB 1058 be considered. Under AASB 1058 revenue is recognised immediately on receipt of the funds.

User charges and fees are recognised by the Department when delivery of the goods or services in full or in part has occurred. The sale of goods and services includes drugs, medical supplies, linen, pathology and other services provided to HHSs. Hospital fees mainly comprise interstate patient revenue, Department of Veterans' Affairs revenue and Motor Accident Insurance Commission revenue.

The Department provides employees to non-prescribed HHSs (HHSs not prescribed as employers under the *Hospital and Health Boards Act 2011*) to work for the HHSs under a service agreement. The employees for non-prescribed employer HHSs remain the employees of the Department and in substance are contracted to the HHS. The Department recovers all employee expenses and associated on-costs from HHSs. As at 15 June 2020 all prescribed HHSs became non-prescribed HHSs (refer to Note 4).

Grants, contributions and donations revenue arise from non-exchange transactions where the Department does not directly give approximately equal value to the grantor. Where the grant agreement is enforceable and contains sufficiently specific performance obligations, the transaction is accounted for under AASB 15. If these criteria are not met, the grant is accounted for under AASB 1058, whereby revenue is recognised upon receipt of the grant funding.

Note 4. Employee expenses

	2021 \$'000	2020 \$'000
Wages and salaries*	9,028,582	3,459,586
Employer superannuation contributions	955,020	386,519
Annual leave levy	1,061,737	379,285
Long service leave levy	209,588	82,779
Termination payments	6,209	2,846
Workers' compensation premium	5,599	10,373
Other employee related expenses	72,492	33,588
	11,339,227	4,354,976

Significant accounting policies

Under the Queensland Government's Annual leave and Long service leave central schemes, levies are payable by the Department to cover the cost of employee leave (including leave loading and on-costs). These levies are expensed in the period in which they are paid or payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly, in arrears. Non-vesting employee benefits, such as sick leave, are recognised as an expense when taken.

Changes to Employer Arrangements came into effect on 15 June 2020. These changes resulted in HHSs no longer having power to directly employ non-executive staff. The removal of this power revoked a HHS from being a prescribed employer under section 20(4) of *Hospital and Health Boards Act 2011*. With consequent changes in legislation a prescribed HHS effectively became a non-prescribed employer where employees are employed directly by the Director-General in the Department of Health and contracted to the HHS.

* Wages and salaries include \$55.4M (\$14.1M for 2019-20) one-off, pro-rata payments for 51,101 (11,262 for 2019-20) full-time equivalent employees.

Significant accounting policies

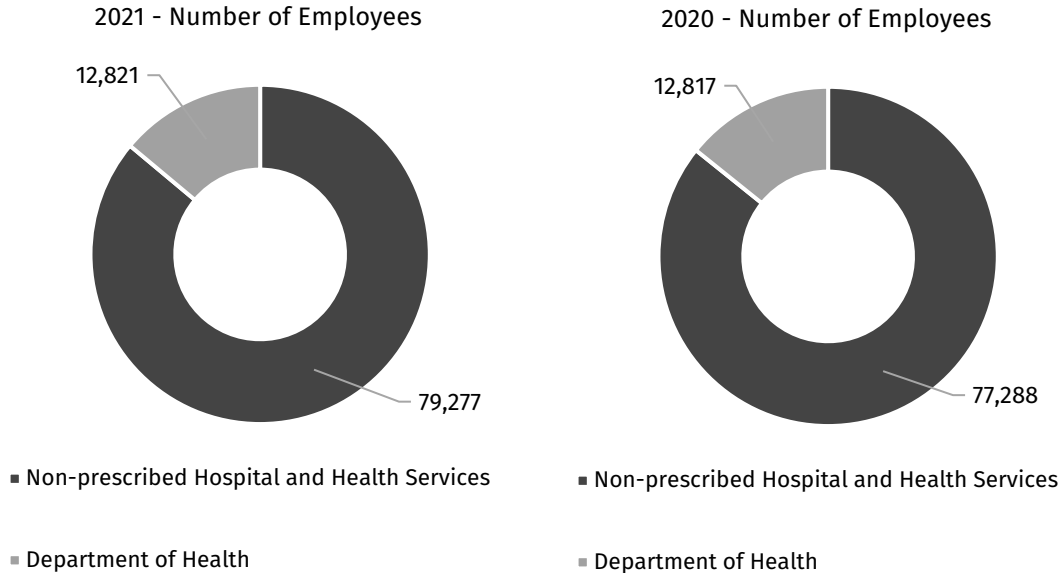
Employer superannuation contributions are paid to the superannuation fund of the eligible employee's choice. For the defined benefit scheme, contributions are paid at rates determined by the Treasurer on the advice of the State Actuary (refer to Note 20). For accumulated contribution plans, the rate is determined based on the relevant Enterprise Bargaining agreement or the employee's contract of employment. Contributions are expensed in the period in which they are paid or payable and the Department's obligation is limited to its contribution to the superannuation funds.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 4. Employee expenses (continued)

The Department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.



The number of employees includes full-time employees and part-time employees measured on a full-time equivalent basis as at 30 June 2021. Hospital and Health Service employees are those of the non-prescribed employer HHSs where the employees remain employees of the Department and are effectively contracted to the HHS.

Note 5. Key management personnel disclosures

Key management personnel include those positions that had direct or indirect authority and responsibility for planning, directing and controlling the activities of the Department.

Remuneration policy for the Department’s key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*, the *Hospital and Health Boards Act 2011* and the *Ambulance Service Act 1991*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance. For 2020-2021, the remuneration of most key management personnel did not increase and none of the key management personnel has a remuneration package that includes potential performance payments. Remuneration packages for key management personnel comprise the following:

Short-term employee benefits

- Base salary, allowances and leave entitlements expensed for the period during which the employee occupied the specified position.
- Non-monetary benefits consisting of the provision of car parking and fringe benefit taxes applicable to other benefits.

Other employee benefits

- Long term employee benefits including long service leave accrued.
- Post-employment benefits including superannuation benefits.
- Termination benefits. Employment contracts only provide for notice periods or payment in lieu on termination, regardless of the reason.

Department of Health Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 5. Key management personnel disclosures (continued)

Position title Position holder	Short-term benefits				Other employee benefits				Total Benefits \$'000			
	Monetary benefits \$'000		Non-monetary benefits \$'000		Long term benefits \$'000		Post-employment benefits \$'000		Termination benefits \$'000			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Director-General, Department of Health Current: Dr John Wakefield (acting from 7 to 18 September 2019, appointed from 19 September 2019 to current) Former: Michael Walsh (6 July 2015 to 6 September 2019) Responsible for the overall management of the public sector health system. Responsibilities include State-wide planning, managing industrial relations, major capital works, monitoring service performance and issuing binding health service directives to Services.	532	455	8	4	11	10	60	43	-	-	611	512
Deputy Director-General, Corporate Services Division Current: Barbara Phillips (6 March 2017 to current) Responsible for providing strategic leadership to deliver corporate and operational services, capital works, business enhancement and legal services both within the Department and, in certain circumstances, to the broader Queensland public health system. Further responsibilities include leading the Department's financial and human resource services, knowledge management, industrial relations and major capital infrastructure activities.	357	348	6	5	8	7	31	30	-	-	402	390
Deputy Director-General, Clinical Excellence Queensland Current: Dr Jillann Farmer (01 June 2020 to current) Former: Prof. Keith McNeil* (acting from 9 September 2019 to 31 May 2020) Former: Dr John Wakefield (4 January 2016 to 6 September 2019) Responsible for providing strategic leadership to the patient safety and service quality, clinical improvement and innovation, and research and professional clinical leadership activities of the Department.	511	44	5	-	11	1	56	5	-	-	583	50
Deputy Director-General, Healthcare Purchasing and System Performance Division Current: Nicholas Steele (31 August 2015 to current) Responsibilities include purchasing of clinical activity from service providers and managing the performance of those service providers to achieve whole-of-system outcomes.	326	329	6	6	7	7	34	35	-	-	373	377
Queensland Chief Health Officer and Deputy Director-General, Prevention Division Current: Dr Jeannette Young (6 July 2015 to current) Interim: Prof. Keith McNeil* (acting from 15 June 2020 while Dr Young is handling the COVID pandemic) Interim: Bronwyn Nardi (acting from 3 February to 31 May 2020 while Dr Young is handling the COVID pandemic) Responsible for providing leadership to the public health, population health, health protection and other major regulatory activities of the State's health system. Further responsibilities include leading the health information campaigns, disaster coordination, emergency response and emergency preparedness activities for Queensland, overseeing and maintaining the State's capacity to identify and respond to communicable diseases and other health threats.	521	510	9	8	11	11	54	53	-	-	595	582
	496	-	5	-	11	-	54	-	-	-	566	-
	-	114	-	1	-	2	-	11	-	-	-	128

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 5. Key management personnel disclosures (continued)

Position title Position holder	Short-term benefits				Other employee benefits				Total Benefits \$'000			
	Monetary benefits \$'000		Non-monetary benefits \$'000		Long term benefits \$'000		Post-employment benefits \$'000		Termination benefits \$'000			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Deputy Director-General, Strategy, Policy and Planning Division Current: Barbara Phillips (holding dual role from 2 October 2019 to current) Former: Kathleen Forrester (2 November 2015 to 28 October 2019) Responsible for providing strategic leadership and direction to the activities of Queensland's health system through establishing the high-level policy agendas, overseeing system-wide planning processes and facilitating strategic reform initiatives.	-	105	-	4	-	2	-	10	-	141	-	262
Commissioner, Queensland Ambulance Services Current: Russell Bowles (3 June 2011 to current) Responsible and accountable for the strategic direction and overall operations of the Queensland Ambulance Service.	429	429	-	-	9	9	44	44	-	-	482	482
Chief Executive Officer, Health Support Queensland Current: Phillip Hood (acting from 20 January 2020 to 30 June 2021) Former: Dr Peter Bristow (acting from 13 November 2017, appointed from 19 March 2018 to 19 January 2020) Responsible for managing the strategic functions relating to the Clinical and State-wide Service, Pathology, Medication, Radiology, Biomedical Technology and Forensic and Scientific Services and Queensland Blood Management.	249	145	6	1	5	3	25	14	-	-	285	163
Chief Executive Officer, eHealth Qld Current: Damian Green (23 September 2019 to current) Former: Bruce Linaker (acting from 1 February 2019 to 22 September 2019) Responsible for providing leadership to all aspects of developing, implementing and maintaining technology initiatives, assuring high performance, consistency, reliability and scalability of all technology offerings.	284	234	5	4	6	5	22	17	-	-	317	260
Chief Aboriginal and Torres Strait Islander Health Officer & Deputy Director-General Current: Haylene Grogan (25 September 2019 to current) Responsible for providing the strategy and direction for improving health outcomes for Aboriginal and Torres Strait Islander Queenslanders and empowering the Aboriginal and Torres Strait Islander health workforce.	289	231	5	4	6	5	30	24	-	-	330	264
Chief Finance Officer Current: Luan Sadiqaj (10 September 2018 to current) Responsible for providing both strategic and operational leadership related to all financial management issues within the Department. The CFO supervises the finance unit and provides leadership to all finance related personnel. The CFO has statutory accountabilities as outlined in the <i>Financial Accountability Act 2009</i> .	229	227	5	5	5	5	23	23	-	-	262	260

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 5. Key management personnel disclosures (continued)

Position title Position holder	Short-term benefits				Other employee benefits							
	Monetary benefits \$'000		Non-monetary benefits \$'000		Long term benefits \$'000		Post-employment benefits \$'000		Termination benefits \$'000		Total Benefits \$'000	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Executive Director, Office of the Director-General Current: Dawn Schofield (10 May 2021 to current) Former: Jasmína Joldić (7 March 2018 to 8 May 2021) Responsible for leadership of the Office of the Director-General in the provision of an extensive range of time sensitive, confidential, strategically significant initiatives for the Director-General and Office of the Minister for Health and Minister for Ambulance Services.	42	-	1	-	-	-	-	-	-	-	-	-
Minister for Health and Ambulance Services** Current: Hon Yvette D'Ath (12 November 2020 to current) Deputy Premier and Minister for Health and Minister for Ambulance Services** Former: Hon Dr Steven Miles (12 December 2017 to 11 November 2020) The Department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures.	-	240	5	5	-	-	4	5	4	21	-	48
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	275

* Prof Keith McNeil assisted by acting in two roles during the 2019-20 financial year and his remuneration for each has been apportioned accordingly while occupying each role. There is no value showing for the acting CHO and DDG PD position for 2019-20 as the payment whilst acting in this position falls into the first pay period of the 2020-21 financial year.

** The Minister receives no remuneration or other such payments from the Department. The majority of the Ministerial entitlements are paid by the Legislative Assembly. As the Minister is reported as KMP of the Queensland Government, aggregate remuneration expenses for the Minister are disclosed in the Queensland Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 6. Related Party Transactions

Transactions with other Queensland Government-controlled entities

The table below sets out the significant aggregate transactions conducted between the Department and other Queensland Government controlled entities.

Entity Nature of Significant Transactions	\$'000	
	2021	2020
Consolidated Fund administered by Queensland Treasury on behalf of the Queensland Government		
The Department receives appropriation revenue and equity injections as the primary ongoing sources of funding from Government for its services. As at 30 June 2021, there were outstanding balances for receivables and payables relating to these transactions.	Refer Note 2	
Queensland Government Insurance Fund (QGIF)		
The Department pays an annual insurance premium for a policy that covers property loss or damage, general liability, professional indemnity, health litigation and personal accident and illness.	Refer Note 10	
WorkCover Queensland		
The Department pays an annual premium for all Divisions which covers all employees of the Department in case of sustaining a work related injury or illness.	Refer Note 4	
Hospital and Health Services		
The Department procures health services from the HHSs. As at 30 June 2021, there were outstanding balances for receivables and payables relating to these transactions (refer Notes 14 and 19).		
Cairns and Hinterland HHS	928,327	876,520
Central Queensland HHS	587,628	549,861
Central West HHS	73,277	69,329
Children's Health Queensland HHS	721,236	709,500
Darling Downs HHS	781,732	735,545
Gold Coast HHS	1,574,907	1,457,658
Mackay HHS	431,292	406,908
Metro North HHS	2,852,276	2,674,803
Metro South HHS	2,398,762	2,292,208
North West HHS	186,051	181,864
South West HHS	145,374	131,671
Sunshine Coast HHS	1,110,484	1,030,532
Torres and Cape HHS	213,758	193,938
Townsville HHS	946,661	908,732
West Moreton HHS	673,264	616,764
Wide Bay HHS	615,128	589,959

In addition, the Department has the below transactions with all HHSs:

- Charges for central services provided to HHSs such as pathology, ICT support, procurement and linen (refer Note 3).
- Services provided below fair value (refer Note 1).
- Labour recoveries related to non-prescribed HHSs (refer Note 3).

The Department receives services from the Department of Energy and Public Works (DEPW), formerly Department of Housing and Public Works (DHPW), and its commercialised business units. These mainly relate to office accommodation and facilities (leases), QFleet, repairs and maintenance and capital works. The value of these transactions during 2020-21 was \$153.4M (\$132.2M in 2019-20).

The Department receives shared services from the Department of Communities, Housing and the Digital Economy (DCHDE). The value of these transactions during 2020-21 was \$4.8M. These services were previously provided through DEPW.

Department of Health
Notes to and forming part of the financial statements
For the year ended 30 June 2021

Note 7. Supplies and services

	2021 \$'000	2020 \$'000
Drugs	541,058	525,602
Clinical supplies and services*	533,584	319,407
Consultants and contractors	178,891	197,162
Expenses relating to capital works	6,643	15,513
Repairs and maintenance	192,048	186,556
Rental expenses**	50,104	47,459
Lease expenses	9,747	6,058
Computer services	156,656	165,401
Communications	50,250	49,220
Advertising	16,433	12,745
Catering and domestic supplies	4,351	4,811
Utilities	9,242	9,878
Motor vehicles and travel	18,806	22,061
Building services	13,845	9,678
Interstate transport levy	2,967	5,435
Freight and office supplies	18,151	19,258
Other***	76,741	79,841
	1,879,517	1,676,085

Significant accounting policies

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments.

*Includes a June 2021 \$32.7M write down of inventory to net realisable value.

**Rental expenses include building rental.

***The Department receives free information technology services from the Department of Communities, Housing & Digital Economy, for service access by Queensland Ambulance Service to the Government Wireless Network.

The fair value of these services for 2020-21 is estimated to be \$7.3M.

Note 8. Health services

	2021 \$'000	2020 \$'000
Hospital and Health Services*	15,053,581	14,392,690
Mater Hospitals*	516,278	490,406
National Blood Authority	59,214	53,024
Aeromedical services	132,937	137,052
Mental health service providers	76,888	64,117
Other health service providers	217,694	246,457
	16,056,592	15,383,746

*Inclusive of a specific COVID funding component for Hospital and Health Services of \$521.0M (\$116.6M in 2019-20) and Mater Hospitals of \$12.3M (\$0.5M in 2019-20).

Note 9. Grants and subsidies

	2021 \$'000	2020 \$'000
Medical research programs	38,868	31,957
Public hospital support services*	49,606	38,863
Mental health and other support services	36,465	19,936
	124,939	90,756

*2021 includes \$32.0M COVID-19 grants to other government departments.

Note 10. Other expenses

	2021 \$'000	2020 \$'000
Insurance QGIF	3,362	2,662
Insurance other	2,802	2,663
Journals and subscriptions	11,035	10,648
Other legal costs	5,447	1,825
Audit fees*	1,512	1,650
Special payments**	250	626
Interest - lease liabilities	1,531	735
Funding payable - Commonwealth	-	57,179
Net increase in allowance for loss of service potential	44,420	446
Quarantine Fees	118,709	-
Other	9,949	3,719
	199,017	82,153

Significant accounting policies

Property losses and liability claim settlement amounts payable to third parties above the \$10,000 insurance deductible and associated legal fees are insured through the Queensland Government Insurance Fund (QGIF). For medical indemnity claims, settlement amounts above the \$20,000 insurance deductible and associated legal fees, are also insured through QGIF. Premiums are calculated by QGIF on a risk basis.

*Queensland Audit Office audit fees for 2020-21 include \$0.8M for financial statements audit (\$0.8M in 2019-20) and \$0.6M for the assurance engagement and other audits (\$0.7M in 2019-20).

**In 2020-21, there were eight special payments exceeding \$5,000 (three payments in 2019-20). These related to patient and other ex-gratia payments.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 11. Reconciliation of surplus to net cash from operating activities

	2021	2020
	\$'000	\$'000
Surplus/(deficit) for the year	5,384	2,180
Adjustments for:		
Depreciation and amortisation	142,469	144,625
Impairment of non-current and other assets	47,242	1,252
Net (gain)/loss on disposal of non-current assets	(2,227)	(1,023)
Share of (gain)/loss - associates	(386)	2,355
Net impairment losses on financial and contract assets	54,813	632
Donated non-cash assets	(96,583)	(90,277)
Non-cash depreciation funding expense	850,154	792,765
Other non-cash items	(37,058)	53,526
Changes in assets and liabilities:		
(Increase)/decrease in loans and receivables	(783,861)	(510,308)
(Increase)/decrease in inventories	34,333	(11,025)
(Increase)/decrease in prepayments	20,113	(12,394)
(Increase)/decrease in other financial assets	8,650	(8,663)
Increase/(decrease) in payables	503,158	93,912
Increase/(decrease) in accrued employee benefits	(252,418)	413,878
Increase/(decrease) in unearned revenue	(996)	(2,637)
Net cash from operating activities	492,787	868,798

Note 12. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	385,503	903,598
24-hour call deposits	8,222	8,993
Fixed rate deposit	20,000	20,000
	413,725	932,591

Significant accounting policies

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of one year or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Department's operational bank accounts are grouped within the whole-of-government set-off arrangement with the Commonwealth Bank of Australia. The Department does not earn interest on surplus funds and is not charged interest or fees for accessing its approved cash overdraft facility as it is part of the whole-of-government banking arrangements.

The 24-hour call deposit includes the Department's General Trust balance. This balance is currently invested with Queensland Treasury Corporation with approval from the Treasurer, which acknowledges the Department's obligations to maintain sound cash management and investment processes regarding General Trust Funds. For 2020-21 the annual effective interest rate on the 24-hour call deposit was 0.51 per cent per annum (0.86 per cent per annum in 2019-20).

The fixed rate deposit is held with Queensland Treasury Corporation. The Department has the ability and intention to continue to hold the deposit until maturity as the interest earned contributes towards the Queensland Government's objective of promoting high quality health research. During 2020-21 the weighted average interest rate on this deposit was 0.46 per cent per annum (1.20 per cent per annum in 2019-20).

Financial risk is managed in accordance with Queensland Government and departmental policies. The Department has considered the following types of risks in relation to financial instruments:

- Liquidity risk - this risk is minimal as the Department has an approved overdraft facility of \$420.0M under whole-of-government banking arrangements to manage any cash shortfalls.
- Market risk (interest rate risk) - the Department has interest rate exposure on its 24-hour call deposits and fixed rate deposits. Changes in interest rates have a minimal effect on the operating results of the Department.
- Credit risk - the credit risk relating to deposits is minimal as all Department deposits are held by the State through Queensland Treasury Corporation and the Commonwealth Bank of Australia. The Department's maximum exposure to credit risk on receivables is their total carrying amount (refer note 14).

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 13. Restricted assets

	2021 \$'000	2020 \$'000
General trust	9,867	10,597
Clinical drug trials	2,017	531
	11,884	11,128

The Department's General trust fund balance primarily relates to cash contributions received from Pathology Queensland and from external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests and are demarcated for stipulated purposes.

Note 14. Loans and receivables

	Current 2021 \$'000	Non- Current 2021 \$'000	Total 2021 \$'000	Current 2020 \$'000	Non- Current 2020 \$'000	Total 2020 \$'000
TRADE AND OTHER RECEIVABLES						
Trade Receivables	253,978	-	253,978	122,728	-	122,728
<i>Less: Allowance for impairment of receivables</i>	(58,646)	-	(58,646)	(8,255)	-	(8,255)
Receivables from HHSs	1,022,241	-	1,022,241	739,501	-	739,501
Appropriation Receivable	519,745	-	519,745	181,814	-	181,814
Grants receivable	202,182	-	202,182	46,820	-	46,820
Annual leave reimbursements	265,510	-	265,510	170,781	-	170,781
Long service leave reimbursements	45,913	-	45,913	31,965	-	31,965
Right of use asset lease receivable	2,462	63,460	65,922	2,034	56,068	58,102
Other Receivables	371	-	371	381	-	381
	2,253,756	63,460	2,317,216	1,287,769	56,068	1,343,837
PAYROLL LOANS						
Payroll Overpayments	25,155	20,942	46,097	26,779	20,196	46,975
<i>Less: Overpayments impairment</i>	-	(13,948)	(13,948)	-	(16,029)	(16,029)
Payroll Cash Advances	2,187	-	2,187	2,380	-	2,380
Payroll Pay Date Loan	4,288	45,125	49,413	4,038	49,238	53,276
<i>Less: Pay date loan fair value adjustment</i>	(879)	(8,022)	(8,901)	(1,309)	(8,404)	(9,713)
<i>Less: Pay date loan impairment</i>	-	(1,000)	(1,000)	-	(1,472)	(1,472)
	30,751	43,097	73,848	31,888	43,529	75,417
GST						
GST input tax credits receivable	25,649	-	25,649	27,814	-	27,814
<i>Less: GST payable</i>	(977)	-	(977)	(2,655)	-	(2,655)
	24,672	-	24,672	25,159	-	25,159
	2,309,179	106,557	2,415,736	1,344,816	99,597	1,444,413

Significant accounting policies

Trade receivables are generally settled within 60 days; however, some debt may take longer to recover. The recoverability of trade debtors is reviewed on an ongoing basis. All known bad debts are written off when identified.

The pay date transitional loan was to provide a transitional loan equal to two weeks' net pay, and was measured at fair value on initial recognition, calculated as the present value of the expected future cash flows over the estimated life of the loan, discounted using a risk-free effective interest rate of 3.05 per cent. The loan is considered to be low risk of non-repayment as it is legislatively recoverable from recipients upon termination of their employment with the Department. The loan is expected to be fully recovered as individuals leave the Department and the majority of the balance remaining is expected to be recovered over the next

12 years. The Department is undertaking a process to recover these debts by working with the individuals affected. The non-current portion of payroll overpayments has not been discounted to present value as this could not be reliably estimated, due to the uncertainty of the timing of future cash receipts.

Credit risk exposure of receivables

There are no other credit enhancements relating to the Department's receivables. The Department has not experienced any significant delays in receiving payments from debtors during this COVID-19 pandemic to 30 June 2021, as the majority of the debt is with other government agencies.

The closing balance of receivables arising from contracts with customers at 30 June 2021 is \$359.0M (\$253.2M in 2019-20).

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 14. Loans and receivables (continued)

The Department uses a provision matrix to measure the expected credit losses on trade receivables. The calculations reflect historical observed default rates calculated using impairments (credit losses) experienced on past sales transactions during the last 5 years preceding 30 June 2021. This data is consolidated, and a probability rate is calculated based on receivables moving into the next ageing bracket. Based on average rates for the 5-year period, an expected credit loss calculation matrix is prepared.

Historical default rates are adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. To reflect the expected future

Credit risk exposure of loans and receivables

	Gross receivables		Expected credit losses	Gross receivables		Expected credit losses
	2021	*Loss rate	2021	2020	*Loss rate	2020
	\$'000	%	\$'000	\$'000	%	\$'000
Ageing						
Not Due	10,557	8.85%	(935)	2,164	6.16%	(133)
0 to 30 days	5,870	9.03%	(530)	2,284	6.38%	(146)
31 to 60 days	5,556	9.64%	(535)	803	9.04%	(73)
61 to 90 days	4,400	10.76%	(474)	660	12.52%	(83)
91 to 120 days	3,892	13.84%	(539)	397	18.86%	(75)
More than 120 days	22,034	100.00%	(22,034)	2,084	100.00%	(2,084)
	52,309		(25,046)	8,393		(2,593)

*Loss rate percentage is derived by combining both the Department and QAS.

Impairment of financial assets

At the end of each reporting period, the Department assesses whether there is objective evidence that a financial asset, or group of financial assets, is impaired. Objective evidence may include the financial difficulties of the debtor, changes in debtor credit ratings and current outstanding account balances. The loss allowance for trade receivables reflects the lifetime expected credit losses and incorporates reasonable and supportable forward-looking information as at 30 June 2021.

An allowance for impairment of \$52.2M (\$25.8M in 2019-20) has been recognised in relation to payroll overpayments,

Ageing of loans and receivables

	Past Due but Not impaired	Past Due but Not impaired	Impaired	Impaired
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
0 to 30 days	16,083	4,594	13,733	10,422
31 to 60 days	5,720	1,057	1,588	73
61 to 90 days	3,992	974	1,366	83
More than 90 days	2,397	1,314	35,463	15,179
	28,193	7,939	52,150	25,756

Movement in the allowance for impairment

	2021	2020
	\$'000	\$'000
Opening balance	25,756	28,074
Increase/(Decrease) in impairment recognised on aged receivables	26,394	(2,318)
	52,150	25,756
Increase/(Decrease) in impairment recognised on accrued revenue - quarantine fees	21,445	-
Closing balance	73,594	25,756

changes the following relevant economic factors were considered: Australian GDP Annual Growth Rate; Unemployment Rate; and Government Debt to GDP percentage. Based on the expected change in Australia's economic forecast a conservative adjustment of 8.5% has been calculated. This is determined to be the most relevant forward-looking indicator for receivables. The credit loss rate is reviewed twice a year.

The total adjusted credit loss rate has been applied to the aged debtors (excluding any government, scholarship and payroll customers) to derive the expected credit loss value as at 30 June 2021. Set out below is the Department's credit risk exposure with trade and other debtors broken down by ageing band.

pay date transitional loan and other receivables. In addition, an allowance for impairment of \$21.4M has been recognised in relation to Quarantine fee revenue accrued (\$82.5M). The total allowance for impairment relating to invoices raised and revenue accrued is \$73.6M. Allowance for other non-government receivables, being subject to AASB 9, are assessed based on their value, quantity and age of the amounts. An impairment matrix for this portion of receivables is reviewed twice a year.

The Department recognises the net change of impairment as all impairments are recorded against the allowance account.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 15. Inventories

	2021 \$'000	2020 \$'000
Medical supplies and drugs*	220,675	130,662
Less: Allowance for loss of service potential	(44,904)	(521)
	175,771	130,141
Non-medical, engineering and other	50,638	35,733
Catering and domestic	5,027	3,312
	231,436	169,186

Significant accounting policies

Inventories are measured at weighted average cost, adjusted for obsolescence, other than general vaccine stock which is measured at cost on a first in first out basis. Inventory is held at the lower of cost and net realisable value.

Inventories consist mainly of pharmacy and general medical supplies held for sale to HHSs.

*Significant increase in medical supplies and drugs reflects the planned stock increase to mitigate potential supply chain interruptions from COVID-19.

Note 16. Property, plant and equipment

2021	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	169,283	963,176	901,315	93,824	2,127,598
Less: Accumulated depreciation	-	(511,438)	(614,499)	-	(1,125,937)
Carrying amount at end of period	169,283	451,738	286,816	93,824	1,001,661

Categorisation of fair value hierarchy	Level 2	Level 2 & 3*

Movement	Level 2	Level 2 & 3*	Level 2	Level 2 & 3*	Total
Carrying amount at start of period	180,710	449,160	283,546	178,004	1,091,420
Additions	799	4,393	63,350	138,058	206,600
Donations received	-	-	118	-	118
Disposals	(1,855)	(1,581)	(1,247)	-	(4,683)
Revaluation increments/(decrements)	(7,133)	19,537	-	-	12,404
Transfers (to)/from HHSs	(3,858)	(186,072)	(8,093)	-	(198,023)
Transfers (to)/from intangibles	-	-	763	-	763
Stocktake adjustments	-	-	(34)	-	(34)
Transfers between classes	620	189,905	31,713	(222,238)	-
Depreciation expense	-	(23,604)	(83,300)	-	(106,904)
Carrying amount at end of period	169,283	451,738	286,816	93,824	1,001,661

* Carrying amount of level 2 buildings \$0.0M as at 30 June 2021 (\$0.3M in 2019-20)

2020	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	180,710	930,585	871,483	178,004	2,160,782
Less: Accumulated depreciation	-	(481,425)	(587,937)	-	(1,069,362)
Carrying amount at end of period	180,710	449,160	283,546	178,004	1,091,420

Categorisation of fair value hierarchy	Level 2	Level 2 & 3*

Movement	Level 2	Level 2 & 3*	Level 2	Level 2 & 3*	Total
Carrying amount at start of period	193,304	460,889	249,989	107,043	1,011,225
Additions	1,324	15	68,010	178,296	247,645
Donations received	-	-	333	-	333
Donations made	-	-	(10)	-	(10)
Disposals	(13,441)	(65,359)	(1,131)	-	(79,931)
Revaluation increments/(decrements)	1,103	14,117	-	-	15,220
Transfers (to)/from HHSs	(1,530)	-	210	-	(1,320)
Transfers to Department of Transport and Main Roads	-	(2,412)	-	-	(2,412)
Transfers between classes	(50)	69,368	38,017	(107,335)	-
Depreciation expense	-	(27,458)	(71,872)	-	(99,330)
Carrying amount at end of period	180,710	449,160	283,546	178,004	1,091,420

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 16. Property, plant and equipment (continued)

Property, plant and equipment are initially recorded at cost plus any other costs directly incurred in bringing the asset to the condition ready for use. Items or components that form an integral part of an asset and are separately identifiable are recognised as a single asset. Significant projects undertaken on behalf of HHSs which are completed within the financial year are valued and transferred to the HHS at fair value. The cost of items acquired during the financial year has been determined by management to materially represent the fair value at the end of the reporting period.

Assets received for no consideration from another Queensland Government agency are recognised at fair value, being the net book value recorded by the transferor immediately prior to the transfer. Assets acquired at no cost, or for nominal consideration, other than a transfer from another Queensland Government entity, are initially recognised at their fair value by the Department at the date of acquisition.

The Department recognises items of property, plant and equipment when they have a useful life of more than one year and have a cost or fair value equal to or greater than the following thresholds:

- \$10,000 for Buildings (including land improvement)
- \$1 for Land
- \$5,000 for Plant and equipment

Depreciation (representing a consumption of an asset over time) is calculated on a straight-line basis (equal amount of depreciation charged each year). The residual (or scrap) value is assumed to be zero, with the exception of ambulances. Annual depreciation is based on the cost or the fair value of the asset and the Department's assessments of the remaining useful life of individual assets. Land is not depreciated as it has an unlimited useful life. Assets under construction (work in progress) are not depreciated until they are ready for use.

The Department's buildings have total useful lives ranging from 3 to 65 years, with exceptions up to 100 years; for plant and equipment the total useful life is between 1 and 26 years, with exceptions up to 52 years:

- 1 to 22 years for Computer, Office furniture & equipment, with exceptions up to 42 years
- 2 to 18 years for Medical equipment, with exceptions up to 42 years
- 3 to 26 years for Engineering equipment, with exceptions up to 52 years
- 3 to 15 years for Vehicles, with exceptions up to 22 years

Fair Value Measurement

Land and buildings are measured at fair value, which are reviewed each year to ensure they are materially correct. Land and buildings are comprehensively revalued once every five years, or whenever volatility is detected, with values adjusted for indexation in the interim years. Fair

value measurement of a non-current asset is determined by taking into account its highest and best use (the highest value regardless of current use). All assets of the Department for which fair value is measured in line with the fair value hierarchy, take into account observable and unobservable data inputs.

Observable inputs, which are used in Level 2 ratings, are publicly available data relevant to the characteristics of the assets being valued, such as published sales data for land and residential dwellings. Unobservable inputs are data, assumptions and judgements not available publicly, but relevant to the characteristics of the assets being valued and are used in Level 3 ratings. Significant unobservable inputs used by the Department include subjective adjustments made to observable data to take account of any specialised nature of the buildings (i.e. laboratories, stations and heritage listed), including historical and current construction contracts (and/or estimates of such costs), and assessments of technological and external obsolescence and physical deterioration as well as remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets.

Reflecting the specialised nature of health service buildings, fair value is determined using current replacement cost methodology. Current replacement cost represents the price that would be received for the asset, based on the estimated cost to construct a substitute asset of comparable utility, adjusted for obsolescence. This requires identification of the full cost of a replacement asset, adjusted to take account of the age and obsolescence of the existing asset. The cost of a replacement asset is determined by reference to a current day equivalent asset, built to current standards and with current materials.

The Department's land and buildings are independently and professionally valued by the State Valuation Service (qualified valuers) and AECOM (qualified quantity surveyors) respectively. The Department also revalues significant, newly commissioned assets in the same manner to ensure that they are transferred to HHSs at fair value.

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 expensed to the extent it exceeds the balance, if any, of the revaluation surplus. On revaluation, 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.

Impairment of non-current assets

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the Department determines the asset's recoverable amount (higher of value in use and fair value less costs of disposal). Any amounts by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 16. Property, plant and equipment (continued)

Land

The fair value of land was based on publicly available data including recent sales of similar land in nearby localities. In determining the values, adjustments were made to the sales data to take into account the land's size, street/road frontage and access and any significant factors such as land zoning and easements. Land zonings and easements indicate the permissible use and potential development of the land.

The revaluation program resulted in a \$4.1M decrement (\$2.1M increment in 2019-20) to the carrying amount of land. For land not subject to comprehensive valuations, indices of between 0.4 to 1.5 were applied, which were sourced from the State Valuation Services.

The Department recognises land at Tangalooma valued at \$0.08M (\$0.04M in 2019-20) which is owned by third parties and leased to the Department under various agreements. The Department has restricted use of this land.

Buildings

The Department recognises five heritage buildings held at gross value of \$3.5M (five buildings at gross value of \$3.9M

in 2019-20). An independent revaluation of 177 buildings and site improvements was performed during 2020-21. For buildings not subject to independent revaluations during 2020-21, indices of 1.0 were applied across the board, which were sourced from AECOM.

Indices are based on inflation (rises in labour, plant and material prices) across the industry and take into account regional variances due to specific market conditions, including being assessed for the impact of the COVID-19 pandemic. The building valuations for 2020-21 resulted in a net increment to the building portfolio of \$3.5M (\$17.5M increment in 2019-2020).

Capital work in progress

The Department is responsible for managing major health infrastructure projects for the HHSs. During the construction phase these projects remain on the Department's Statement of financial position as a work in progress asset. Significant, newly commissioned assets are firstly transferred to the Department's building class, revalued to fair value and then transferred to the respective HHS. Other commissioned assets are transferred from the Department's work in progress to the respective HHS which recognises assets in their relevant asset class.

Note 17. Leases

a) Lessee

This note provides information for leases where the Department is a lessee. For leases where the Department is a lessor, see note 17(b).

(i) The statement of financial position shows the following amounts relating to leases:**Right-of-use assets**

	2021 \$'000	2020 \$'000
Buildings	22,189	18,854
Less: Accumulated depreciation	(1,463)	(652)
Equipment	-	5,087
Less: Accumulated depreciation	-	(3,717)
	20,726	19,572

Additions to the right-of-use assets during the 2020-21 financial year were \$0.0M (2019-20 \$23.6M).

Disposals to the right-of-use assets during the 2020-21 financial year were \$5.1M (2019-20 \$0.0M).

Lease liabilities

	2021 \$'000	2020 \$'000
Current	3,239	4,065
Non-current	83,499	73,773
	86,738	77,838

(ii) Amounts recognised in the statement of profit or loss**Depreciation charge of right-of-use assets**

	2021 \$'000	2020 \$'000
Buildings	875	652
Equipment	1,370	4,379
	2,245	5,031

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 17. Leases (continued)

Significant accounting policies

The Department as lessee

For any new contracts entered into, the Department considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Department assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Department;
- the Department has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Department has the right to direct the use of the identified asset throughout the period of use. The Department also assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The majority of lease contracts are held with the Department of Energy and Public Works (DEPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program.

Effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DEPW having substantive substitution rights over the non-specialised, commercial office accommodation, and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services continue to be expensed as supplies and services expenditure when incurred.

Effective 1 July 2019, motor vehicles provided under QFleet program are exempt from lease accounting under AASB 16. This is due to DEPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services continue to be expensed as supplies and services expenditure when incurred.

Measurement and recognition of leases as a lessee

At lease commencement date, the Department recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Department, an estimate of any costs to dismantle and remove the asset at the end of the

lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Department depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Department also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Department measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Department's incremental borrowing rate. Queensland Treasury (QT) have mandated that unless an implicit rate is stated in the lease, that agencies are to use incremental borrowing rates. QT have mandated that Queensland Treasury Corporations Fixed Rate Loan rates are to be used as the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Department has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The total cash outflow for leases in 2020-21 was \$8.8M (\$6.4M in 2019-20).

Refer to Note 10 for the lease liability interest expense.

The Department holds an occupancy lease with Translational Research Institute Pty Ltd (TRI). The Department acts as a lessor by sub-leasing a portion of the leased property (See 17 (b)). Under AASB 16 the Department recognises transactions as both lessee and lessor.

In 2019-20 the Department also held an equipment lease for the supply of defibrillators used by the Ambulance services.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 17. Leases (continued)

b) Lessor

The Department acts as a lessor by sub-leasing floor space in the TRI building to the University of Queensland. The sub-lease with the lessor is for the same term as that for the Department on the head lease. The sub-lease expires in 2043.

(i) The statement of financial position shows the following amounts relating to lessors:

Lease receivable

	2021 \$'000	2020 \$'000
Current	2,462	2,034
Non-current	63,460	56,068
	65,922	58,102

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to lessors:

	2021 \$'000	2020 \$'000
Rentals received from operating leases (included in other revenue)	6,497	5,090
Interest received (Included in interest revenue)	1,281	494
	7,778	5,584

Minimum lease cash payments to be received on the sub-lease are as follows:

	2021 \$'000	2020 \$'000
In year 1	3,641	3,125
In year 2	3,641	3,125
In year 3	3,641	3,125
In year 4	3,641	3,125
In year 5	3,641	3,125
Later than 5 years	61,892	56,246
	80,097	71,871

The Department has assessed that the sub-lease is a finance lease after considering the indicators of a finance lease in AASB 16. Accordingly, as a sub-lessor the Department has applied the following accounting policy:

- derecognises a portion of the right-of-use asset relating to the head lease that it transfers to the sub-lessee, and
- recognises during the term of the lease the finance income on the sublease and
- recognises the net investment in the sublease as a receivable;
- retains the total lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor; and
- The Department also assesses the receivable for impairment.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 18. Intangibles

	Software purchased		Software generated		Software work in progress		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	125,121	124,523	579,581	557,092	65,395	69,086	770,097	750,701
Less: Accumulated amortisation	(107,155)	(102,245)	(341,588)	(313,553)	-	-	(448,743)	(415,798)
Carrying amount at end of period	17,966	22,278	237,993	243,539	65,395	69,086	321,354	334,903

Represented by movements in carrying amount:

Carrying value at 1 July	22,278	24,637	243,539	164,755	69,086	151,537	334,903	340,929
Additions	781	2,752	1,066	116	18,696	31,370	20,543	34,238
Disposals	-	-	(9)	-	-	-	(9)	-
Transfers (to)/from property, plant & equipment	-	-	-	-	(763)	-	(763)	-
Transfers between classes	-	254	21,624	113,567	(21,624)	(113,821)	-	-
Amortisation expense	(5,093)	(5,365)	(28,227)	(34,899)	-	-	(33,320)	(40,264)
Carrying amount at end of period	17,966	22,278	237,993	243,539	65,395	69,086	321,354	334,903

Significant accounting policies

Intangible assets are only recognised if their cost is equal to or greater than \$100,000. Intangible assets are recorded at cost, which is purchase price plus costs directly attributable to the acquisition, less accumulated amortisation and impairment losses. Internally generated software includes all direct costs associated with development of that software. All other costs are expensed as incurred. Intangible assets are amortised on a straight-line basis over their estimated useful life with a residual value of zero. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

The total useful life for the Department's software ranges from 3 to 28 years, with exceptions up to 30 years. The Department controls both registered intellectual property, in the form of patents, designs and trademarks, and other unregistered intellectual property, in the form of copyright. At the reporting dates these intellectual property assets do not meet the recognition criteria as their values cannot be measured reliably.

Note 19. Payables

	2021	2020
	\$'000	\$'000
Trade payables	264,921	339,083
Appropriations payable	1,225,776	789,099
Contract Liability - Commonwealth	58,053	47,581
Non-contract liability - Commonwealth	-	57,179
Hospital and Health Service payables	211,492	108,109
PAYG withholdings	241,113	129,671
Other payables	8,775	3,563
	2,010,130	1,474,285

Significant accounting policies

Payables are recognised for amounts to be paid in the future for goods and services received. Trade payables are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. The amounts are unsecured and normally settled within 60 days.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 20. Accrued employee benefits

	2021	2020
	\$'000	\$'000
Salaries and wages accrued	178,186	514,553
Annual leave levy payable	301,660	315,672
Long service leave levy payable	69,603	65,479
Other employee entitlements payable	111,359	17,522
	660,808	913,226

Significant accounting policies

Wages and salaries due but unpaid at reporting date are recognised at current salary rates and are expected to be fully settled within 12 months of reporting date. These liabilities are recognised at undiscounted values. Provisions for annual leave, long service leave and superannuation are reported on a whole-of-government basis pursuant to AASB 1049. For changes to employer arrangements refer to Note 4.

Note 21. Asset revaluation surplus

	Land	Land	Buildings	Buildings	Total	Total
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of period	63,278	62,494	181,747	163,310	245,025	225,804
Asset revaluation increment/(decrement)	(7,143)	1,103	19,538	14,117	12,395	15,220
Asset revaluation - Other adjustments	-	(319)	-	3,444	-	3,125
Asset revaluation transferred to retained surplus	2,500	-	(16,537)	876	(14,037)	876
Carrying amount at end of period	58,635	63,278	184,748	181,747	243,383	245,025

Note 22. Interests in associates

The Department is a partner to the Australian e-Health Research Centre (AEHRC) joint operation. The current agreement runs to 2022. The Department has no rights to the net assets or liabilities of the AEHRC, except return of cash contributions in limited circumstances. The Department makes a cash contribution of \$1.5M per annum.

The Department has two associated entities - Translational Research Institute Pty Ltd and Translational Research Institute Trust (TRI Trust). The Department does not control either entity but does have significant influence over the financial and operating policy decisions. The Department uses the equity method to account for its interest in associates.

Translational Research Institute Pty Ltd (the Company) is the trustee of the TRI Trust and does not trade.

The objectives of the TRI Trust are to maintain the Translational Research Institute Facility (TRI Facility), and to operate and manage the TRI Facility to promote medical study, research and education.

TRI has a 31 December year end. TRI's financial statements for the 12 months 1 July 2020 to 30 June 2021, endorsed by the TRI Board, have been used to apply the equity method. There have been no changes to accounting policies or any changes to any agreements with TRI since 31 December 2020. The information disclosed reflects the amounts presented in the financial statements of TRI and not the Department's share of those amounts. Where necessary, they have been amended to reflect adjustments made by the Department, including fair value adjustments and modifications for differences in accounting policy.

Minor comparative reclassifications have been made between income and expenses and current assets and liabilities. These reclassifications provide a consistent presentation with the current year.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 22. Interests in associates (continued)

Entity	Ownership Interest	
Translational Research Institute Pty Ltd (the Company)		
Incorporated in Australia on 12 June 2009	25 shares of \$1 per share (25% shareholding)	
Translational Research Institute Trust (TRI Trust)		
Incorporated in Australia on 16 June 2009	25 units with equal voting rights (25% of voting rights)	
	2021	2020
	\$'000	\$'000
SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	38,337	27,940
Expenses	(36,791)	(37,360)
SURPLUS/(DEFICIT)	1,546	(9,420)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	1,546	(9,420)
THE DEPARTMENT'S SHARE OF TOTAL COMPREHENSIVE INCOME	386	(2,355)

The summarised financial information of the TRI Trust is set out below:

	2021	2020
	\$'000	\$'000
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Current assets	61,468	32,199
Non-current assets	260,802	286,878
TOTAL ASSETS	322,270	319,077
Current liabilities	11,621	9,201
Non-current liabilities	18,364	19,128
TOTAL LIABILITIES	29,985	28,329
NET ASSETS	292,285	290,748
THE DEPARTMENT'S SHARE OF NET ASSETS	73,072	72,686

Note 23. Contingencies

Guarantees

As at 30 June 2021 the Department held guarantees of \$8.3M (\$8.6M in 2019-20) from third parties which are related to capital projects. These amounts have not been recognised as assets in the financial statements.

Litigation in progress

At 30 June 2021, the Department had 16 litigation cases before the courts. As civil litigation is underwritten by the QGIF, the Department's liability in this area is limited up to \$20,000 per insurance event. The Department's legal advisers and management believe it would be misleading to estimate the final amount payable (if any) in respect of litigation before the courts at this time. Queensland's *Human Rights Act 2019* (the Act) protects 23 human rights and commenced from 1 January 2020. Under section 97 of the Act, public entities are required to include the number of human rights complaints received. For the year ended 30 June 2021, Queensland Health received 44 human rights complaints, of which there were four related cases open as at 30 June 2021.

At 30 June 2020 the Department reported on a litigation case that has not been resolved as at 30 June 2021. This is related to Queensland Industrial Relations Commission applications on the applicability of specialty allowances in certain regions. A further hearing of this case is expected in September 2021. The outcome of this litigation remains uncertain.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 24. Commitments to expenditure

	Capital 2021 \$'000	Capital 2020 \$'000	Lease - operating 2021 \$'000	Lease - operating 2020 \$'000
Committed at reporting date but not recognised as liabilities, payable:				
within 1 year	171,133	128,799	44,291	44,770
1 year to 5 years	3,475	38,650	125,646	119,332
more than 5 years	-	-	20,115	51,873
	174,609	167,449	190,052	215,975

Significant leases are entered into by the Department as a way of acquiring access to office accommodation facilities. Lease terms, for these leases, extend over a period of 1 to 10 years. The Department has no options to purchase any of the leased spaces at the conclusion of the lease. Some leases do provide the option for a right of renewal at which time the lease terms are renegotiated. Lease payments are generally fixed but do contain annual inflation escalation clauses upon which future year rentals are determined, with rates ranging between 2 to 4 per cent.

Note 25. Administered transactions and balances

Significant accounting policies

The Department administers, but does not control, certain resources on behalf of the Queensland Government. In doing so it has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy the resources for the achievement of the Department's objectives.

Amounts appropriated to the Department for transfer to other entities are reported as administered appropriation items.

Administered transactions and balances are comprised primarily of the movement of funds to the Queensland Office of the Health Ombudsman, the Queensland Mental Health Commission and Health and Wellbeing Queensland.

	2021 \$'000	Original Budget 2021 \$'000	2020 \$'000	Ref	Actual vs budget variance \$'000
Administered revenues					
Administered item appropriation	69,770	69,296	34,473	i.	474
Taxes, fees and fines	87	4	14		83
Total administered revenues	69,857	69,300	34,487		557
Administered expenses					
Grants	69,770	69,300	34,473	i.	470
Other expenses	87	-	14		87
Total administered expenses	69,857	69,300	34,487		557
Administered assets					
Current					
Cash	5		4		
Total administered assets	5		4		
Administered liabilities					
Current					
Payables	5		4		
Total administered liabilities	5		4		

Actual vs budget comparison

i. The \$0.5M variance for Administered appropriation and Grants relates to unbudgeted funding for Health and Wellbeing Queensland.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Note 26. Reconciliation of payments from Consolidated Fund to administered revenue

	2021	2020
	\$'000	\$'000
Budgeted appropriation	69,296	30,955
Transfers from (to)/from other headings	474	3,518
Administered revenue recognised in Note 25	69,770	34,473

Note 27. Activities and other events

There were no other material events after the reporting date of 30 June 2021 that have a bearing on the Department's operations, the results of those operations or these financial statements.

The Department's financial statements are expected to be impacted by the COVID-19 programs beyond 30 June 2021, although the actual impacts cannot be reliably estimated at the reporting date.

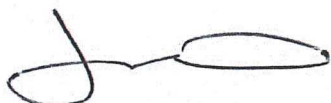
Department of Health
Management Certificate

For the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections 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 statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Health (the Department) for the financial year ended 30 June 2021 and of the financial position of the Department at the end of that year; and

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Dr John Wakefield PSM – Director General
Department of Health

Date 30/08/2021



Luan Sadikaj CPA – Chief Finance Officer
Department of Health

Date 30/08/2021

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Health

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Health.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service 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 department 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.

Responsibilities of the department for the financial report

The Accountable Officer 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 Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department'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 department 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 department'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 department.
- Conclude on the appropriateness of the department'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 department'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 department 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 Accountable Officer 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.

Report on other legal and regulatory requirements

Statement

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

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

Prescribed requirements scope

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



Brendan Worrall
Auditor-General

31 August 2021

Queensland Audit Office
Brisbane

