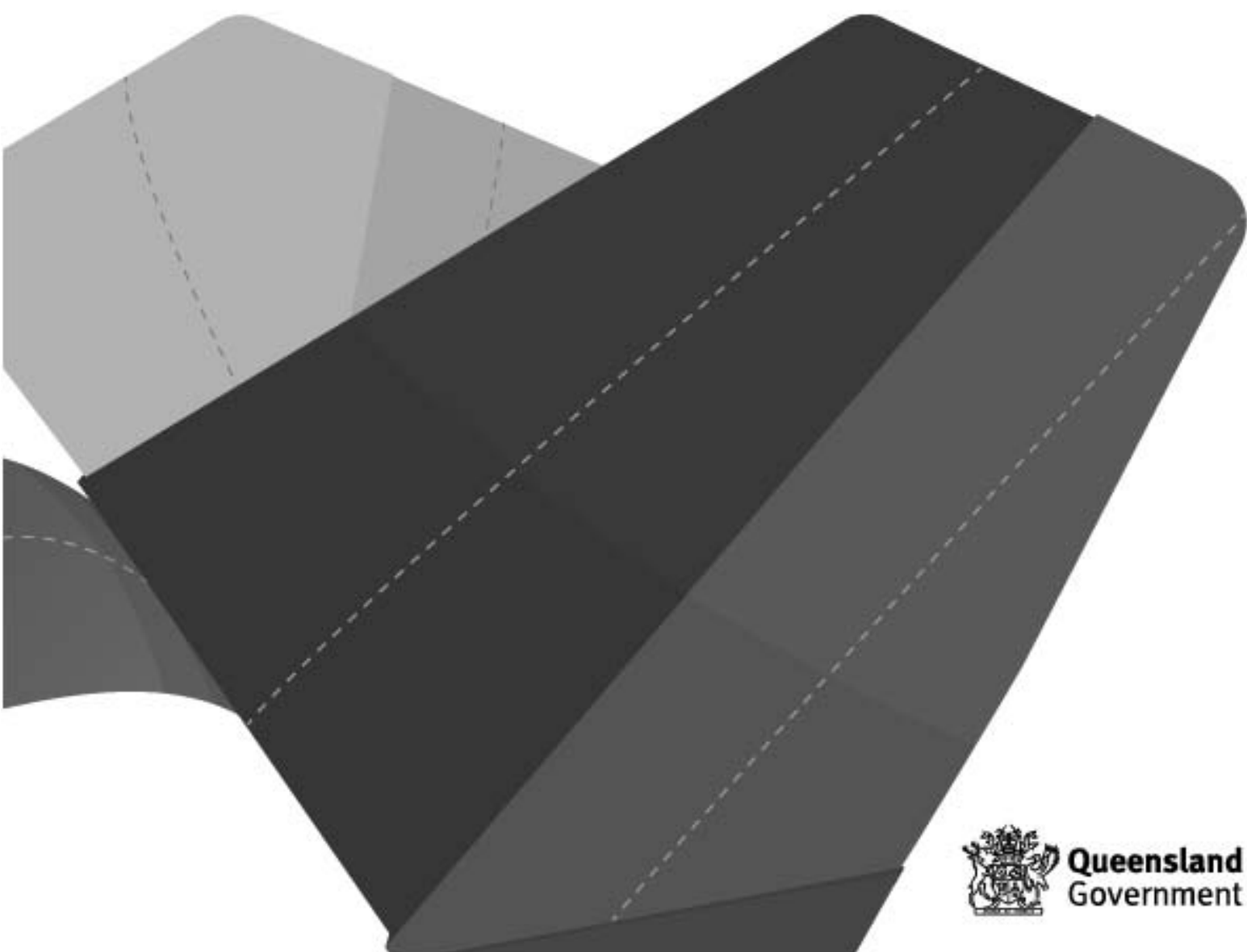


Financial statements

30 June 2023

Department of Health

Financial Statements - 30 June 2023



Queensland
Government

Department of Health

Contents and General Information

For the year ended 30 June 2023

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General Information

Department of Health (the Department) is a Queensland Government department established under the *Public Sector Act 2022* 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 2023

	Note	2023 \$'000	Original Budget 2023 \$'000	2022 \$'000	Ref*	Actual vs budget variance \$'000
REVENUE						
Appropriation revenue	2	14,673,411	13,846,208	13,313,163	i.	827,203
User charges	3	2,241,055	1,994,385	2,064,633	ii.	246,670
Labour recoveries	3	11,315,228	10,395,674	10,149,460	iii.	919,554
Grants and other contributions	3	6,612,795	6,228,946	6,741,221	iv.	383,849
Other revenue	3	93,986	35,747	112,934	v.	58,239
Interest revenue		6,484	1,254	2,918		5,230
TOTAL REVENUE		34,942,959	32,502,214	32,384,329		2,440,745
EXPENSES						
Employee expenses	4	(13,362,569)	(12,452,601)	(12,042,140)	vi.	(909,968)
Supplies and services	7	(2,128,399)	(2,224,795)	(2,162,479)	vii.	96,396
Health services	8	(19,050,340)	(17,412,002)	(17,490,715)	viii.	(1,638,338)
Grants and subsidies	9	(107,165)	(183,303)	(145,749)	ix.	76,138
Depreciation and amortisation	16, 17, 18	(135,538)	(165,784)	(135,608)	x.	30,246
Net impairment losses on financial and contract assets		(11,071)	(1,630)	(39,079)	xi.	(9,441)
Share of loss from associates	22	(709)	-	(2,939)		(709)
Other expenses	10	(147,608)	(50,099)	(363,457)	xii.	(97,509)
TOTAL EXPENSES		(34,943,399)	(32,490,214)	(32,382,166)		(2,453,185)
SURPLUS/(DEFICIT) FOR THE YEAR		(440)	12,000	2,163		(12,440)
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified subsequently to profit or loss						
Increase/(decrease) in asset revaluation surplus	21	66,270	-	58,704		66,270
OTHER COMPREHENSIVE INCOME FOR THE YEAR		66,270	-	58,704		66,270
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		65,830	12,000	60,867		53,830

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

Department of Health

Statement of financial position

As at 30 June 2023

	Note	2023 \$'000	Original Budget 2023 \$'000	2022 \$'000	Ref*	Actual vs budget variance \$'000
ASSETS						
<i>Current Assets</i>						
Cash and cash equivalents	12	701,852	144,852	234,394	xiii.	557,000
Loans and receivables	14	2,837,783	1,643,514	3,176,653	xiv.	1,194,269
Inventories	15	178,278	243,153	209,152	xv.	(64,875)
Prepayments		77,213	62,536	66,332	xvi.	14,677
Other assets		13	-	13		13
TOTAL CURRENT ASSETS		3,795,139	2,094,055	3,686,544		1,701,084
<i>Non-current Assets</i>						
Loans and receivables	14	91,403	85,760	93,021		5,643
Property, plant and equipment	16	1,859,224	2,082,667	1,225,703	xvii.	(223,443)
Right-of-use assets	17	13,104	19,069	16,418		(5,965)
Intangibles	18	298,028	377,435	302,518	xviii.	(79,407)
Interests in associates	22	69,425	73,072	70,133		(3,647)
Other assets		33,427	6,675	29,026	xix.	26,752
TOTAL NON-CURRENT ASSETS		2,364,611	2,644,678	1,736,819		(280,067)
TOTAL ASSETS		6,159,750	4,738,733	5,423,363		1,421,017
LIABILITIES						
<i>Current Liabilities</i>						
Payables	19	2,064,792	512,064	2,154,531	xx.	1,552,728
Accrued employee benefits	20	1,559,515	1,320,666	1,012,619	xxi.	238,849
Lease liabilities	17	1,731	2,980	2,532		(1,249)
Other liabilities		61	56,296	499	xxii.	(56,235)
TOTAL CURRENT LIABILITIES		3,626,099	1,892,006	3,170,181		1,734,093
<i>Non-current Liabilities</i>						
Lease liabilities	17	53,148	77,655	66,276	xxiii.	(24,507)
Other liabilities		-	-	59		-
TOTAL NON-CURRENT LIABILITIES		53,148	77,655	66,335		(24,507)
TOTAL LIABILITIES		3,679,247	1,969,661	3,236,516		1,709,586
NET ASSETS		2,480,503	2,769,072	2,186,847		(288,569)
EQUITY						
Contributed equity		779,254		551,431		
Asset revaluation surplus	21	368,198		302,002		
Retained surpluses		1,333,051		1,333,414		
TOTAL EQUITY		2,480,503	2,769,072	2,186,847	xxiv.	(288,569)

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

Department of Health

Statement of changes in equity

For the year ended 30 June 2023

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
BALANCE AT 1 JULY 2022	551,431	302,002	1,333,414	2,186,847
Surplus/(Deficit) for the year	-	-	(440)	(440)
Increase/(decrease) in asset revaluation surplus	-	66,270	-	66,270
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	66,270	(440)	65,830

Transactions with owners in their capacity as owners:

Equity injections	992,233	-	-	992,233
Equity withdrawals	(932,872)	-	-	(932,872)
HHS equity transfers*	125,126	-	-	125,126
Reclassification between equity classes	-	(74)	74	-
Net assets transferred in from Department of Energy and Public Works	188	-	-	188
Net assets transferred from/(to) HHSs	43,148	-	-	43,148
Other equity adjustments	-	-	3	3
BALANCE AT 30 JUNE 2023	779,254	368,198	1,333,051	2,480,503

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
BALANCE AT 1 JULY 2021	211,918	243,383	1,335,890	1,791,191
Surplus/(Deficit) for the year	-	-	2,163	2,163
Increase/(decrease) in asset revaluation surplus	-	58,704	-	58,704
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	58,704	2,163	60,867

Transactions with owners in their capacity as owners:

Equity injections	814,527	-	-	814,527
Equity withdrawals	(830,081)	-	-	(830,081)
HHS equity transfers*	341,530	-	-	341,530
Reclassification between equity classes	-	(85)	85	-
Net assets transferred from Queensland Fire and Emergency Services**	50,149	-	-	50,149
Net assets transferred from/(to) HHSs	(36,612)	-	-	(36,612)
Other equity adjustments	-	-	(4,724)	(4,724)
BALANCE AT 30 JUNE 2022	551,431	302,002	1,333,414	2,186,847

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 (MoG) 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.

** During 2021-22 Queensland Fire and Emergency Services (QFES) transferred property, plant and equipment of \$43.4M (refer to Note 16), and cash of \$6.7M to the Department, that QFES had received as part of a larger Machinery of Government transfer, upon disestablishment of the Public Safety Business Agency.

Department of Health

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 \$'000	Original Budget 2023 \$'000	2022 \$'000	Ref*	Actual vs budget variance \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Inflows</i>						
Appropriation revenue receipts		14,899,045	13,831,521	12,508,755	xxv.	1,067,524
User charges		2,017,143	1,944,738	1,808,551		72,405
Labour recoveries		11,014,293	10,395,674	10,128,183	xxvi.	618,619
Grants and other contributions		6,650,170	6,132,166	6,354,292	xxvii.	518,004
GST collected from customers		14,519	12,728	13,881		1,791
GST input tax credits		382,796	290,977	347,144		91,819
Other revenue		42,514	37,179	114,573		5,335
Payroll loans and advances		5,454	-	1,518		5,454
<i>Outflows</i>						
Employee expenses		(12,852,331)	(12,384,835)	(11,836,105)		(467,496)
Supplies and services		(2,118,672)	(2,672,312)	(1,761,269)	xxviii.	553,640
Health services		(17,734,279)	(16,865,858)	(16,426,417)	xxix.	(868,421)
Grants and subsidies		(107,165)	(182,152)	(145,749)	xxx.	74,987
GST paid to suppliers		(379,126)	(290,977)	(362,366)		(88,149)
GST remitted		(14,413)	(12,728)	(13,979)		(1,685)
Other expenses		(79,748)	(38,646)	(89,317)	xxxi.	(41,102)
Cash recoupment from HHSs/(payments made on behalf of HHSs)		(111,747)	-	(63,587)	xxxii.	(111,747)
NET CASH FROM/(USED BY) OPERATING ACTIVITIES	11	1,628,453	197,475	578,108		1,430,978
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Inflows</i>						
Proceeds from sale of property, plant and equipment		354	1,650	930		(1,296)
Loans and advances		-	5,615	-		(5,615)
<i>Outflows</i>						
Payments for property, plant and equipment		(634,439)	(1,417,627)	(264,383)	xxxiii.	783,188
Payments for intangibles		(30,343)	(86,283)	(16,907)		55,940
NET CASH FROM/(USED BY) INVESTING ACTIVITIES		(664,428)	(1,496,645)	(280,360)		832,217
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Inflows</i>						
Equity injections**		1,356,205	2,095,382	955,752	xxxiv.	(739,177)
<i>Outflows</i>						
Equity withdrawals**		(1,850,718)	(896,885)	(1,429,976)	xxxv.	(953,833)
Lease principal payments		(2,054)	(3,248)	(2,855)		1,194
NET CASH FROM/(USED BY) FINANCING ACTIVITIES		(496,567)	1,195,249	(477,079)		(1,691,816)
NET INCREASE/(DECREASE) IN CASH HELD		467,458	(103,921)	(179,331)		571,379
Cash and cash equivalents at the beginning of the financial year		234,394	248,773	413,725		(14,379)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	12	701,852	144,852	234,394		557,000

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

** Details of the Department's change in liability for equity withdrawals payable/receivable is outlined in Note 2. Equity Injections includes \$6.7M from the transfer of cash from Queensland Fire and Emergency Services in 2021-22.

The accompanying notes form part of these statements.

Department of Health

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Actual vs budget comparison

Statement of profit or loss

i. The \$827.2M variance in Appropriation revenue is predominantly due to additional state funding for enterprise bargaining outcomes (\$456.0M), changes to superannuation arrangements (\$209.1M) and additional funding for retrieval services (\$32.4M). These were not known at the time of the budget.

ii. The \$246.7M variance in User charges is mainly due to Sale of Goods and Services and Hospital fees being higher than budget. The Sale of Goods and Services variance (\$165.3M) is largely driven by growth in telecommunications and computer recoveries (\$66.7M), and an increase in outsourced delivery recoveries (\$21.2M). In addition, the variance reflects the allocation of cross border charges from HHSs (\$90.6M) not known at the time of budget. The Hospital fees variance (\$80.6M) was predominantly due to the recovery of an additional \$71.5M in cross border fees from another jurisdiction, relating to prior years.

iii. The \$919.6M variance in Labour recoveries is due to a combination of salary and wage increases and growth in HHS FTEs over the course of the year. HHS FTEs increased by 2,300, predominantly due to changes in activities at these HHSs.

iv. The \$383.8M variance in Grants and contributions is mostly owing to the recognition of an unbudgeted \$210.5M COVID-19 funding from the Commonwealth National Partnership Agreement. The remainder of the variance is attributable to specific purpose funding from the Commonwealth which was not known at the time of the budget.

v. The \$58.2M variance in Other revenue is largely due to an unforeseen gain being recognised as a result of a liability for RATs being extinguished (\$31.2M), and the recognition of a receivable for prior year cross border expenditure reimbursement (\$24.1M).

vi. The \$910.0M variance in Employee expenses is due to a combination of salary and wage increases and growth in HHS FTEs over the course of the year, fully offset by Labour recoveries. HHS FTEs increased by 2,300, predominantly due to changes in activities at these HHSs which were not known at the time of the budget.

vii. The \$96.4M 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 \$1.6B variance in Health services is mainly due to additional funding (\$1.5B) provided to HHSs and Mater Hospital through in-year Service Agreement amendments to deliver additional activity and services, in order to meet increased Hospital and Health Services demand. The remainder of the variance is due to additional funding for Mental health services (\$97.0M) which was not known at the time of the budget.

ix. The \$76.1M variance in Grants and subsidies expense is mainly due to the winding up of provision of public health (COVID-19 related) programs in private hospitals during the

year, offset by Other mental, home, community and rural services funding (\$49.6M) which was not known at the time of budget.

x. The \$30.2M variance in Depreciation and amortisation is mainly owing to budgeted Plant and equipment depreciation (\$19.3M), Buildings depreciation (\$4.1M) and Software amortisation (\$6.7M) for which capital projects were not ultimately commissioned in the financial year.

xi. The \$9.4M variance in Impairment losses is largely due to higher than budgeted provision for doubtful debts (\$3.9M) relating to hotel quarantine fees, and salary overpayments (\$1.7M).

xii. The \$97.5M variance in Other expenses largely relates to the recognition of donated Rapid Antigen Test (RATS) inventory to HHSs (\$63.4M) and Pandemic Leave payments (\$40.9M) associated with the COVID-19 pandemic, paid to the Australian Government. These were not known at the time of the budget.

Statement of Financial Position

xiii. The \$557.0M variance in Cash and cash equivalents is predominantly due to additional state funding for enterprise bargaining outcomes (\$456.0M), and changes to superannuation arrangements (\$209.1M), which were not known at the time of the budget.

xiv. The \$1.2B variance in Loans and receivables (current) is largely owing to Appropriation receivables (\$595.8M), Grants receivables (\$199.0M), and higher than expected Annual leave claims receivables (\$135.5M), which could not be accounted for at the time of budget.

xv. The \$64.9M variance in Inventories is largely owing to the donation of Rapid Antigen Tests (RATS) to HHSs and other parties, along with a write-off during the year of obsolete Personal Protective Equipment (PPE) inventory.

xvi. The \$14.7M variance in Prepayments relates to higher than expected prepaid expenditure occurring in year, compared to future period estimates that were made at the time of the budget.

xvii. The \$223.4M variance in Property, plant and equipment is due to delays in expected timing of budgeted capital expenditure occurring (\$781.8M) resulting in lower than expected actuals, offset by net transfers in of capital works in progress from HHSs (\$588.5M) not known at the time of the budget.

xviii. The \$79.4M variance in Intangibles is mainly due to delays in expected timing of budgeted capital expenditure occurring resulting in lower than expected actuals, and project related expenditure budgeted as capital, but when incurred is determined to not meet capital recognition criteria and expensed as operating. These movements are not known at the time of budget preparation.

xix. The \$26.8M variance in Other assets non-current is due to the continued recognition of a lease advance payment to the Brisbane Airport Corporation in 2021-22.

Department of Health

Notes to and forming part of the financial statements

For the year ended 30 June 2023

xx. The \$1.6B variance in Payables is mainly due to appropriations payable of \$1.2B, HHS payables of \$338.1M and PAYG withholdings of \$183.2M, which were not known at the time of the budget.

xxi. The \$238.8M variance in Accrued employee benefits is mainly due to the recognition of increased costs related to Superannuation changes, Cost-of-living-allowance (COLA), and Enterprise Bargaining Agreements (EB) certified during the financial year.

xxii. The \$56.2M variance in Other liabilities (current) relates to future period estimates of Commonwealth funding contract liabilities associated with COVID-19 funding. The estimates were based on information available at the time of the budget. The budgeted transactions did not eventuate owing to the discontinuation of COVID-19 funding by the Australian Government.

xxiii. The \$24.5M variance in Lease liabilities (non-current) is largely owing to consideration for future increases in lease arrangements at the time of budget that did not eventuate.

xxiv. The \$288.6M variance in Total Equity is mainly due to changes in the timing and nature of funding related to capital programs, and exchanges in funds between HHS and DoH for depreciation and operating expenses.

Statement of Cash Flows

xxv. The \$1.1B variance in Appropriation revenue receipts is predominantly due to additional state funding for enterprise bargaining outcomes (\$456.0M), changes to superannuation arrangements (\$209.1M) and additional funding for retrieval services (\$32.4M).

xxvi. The \$618.6M variance in Labour recoveries is due to a combination of salary and wage increases and growth in HHS FTEs over the course of the year. HHS FTEs increased by 2,300, predominantly due to changes in activities at these HHSs.

xxvii. The \$518.0M variance in Grants and other contributions is mostly owing to the receipt of additional (\$450.2M) COVID-19 funding from the Commonwealth, not known at the time of the budget. (Refer to the Grants and contributions revenue comment iv. above).

xxviii. The \$553.6M 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.

xxix. The \$868.4M variance in Health services is mainly due to additional funding provided to HHSs and Mater Hospital through in-year Service Agreement amendments to deliver additional activity and services, in order to meet increased demand.

xxx. The \$75.0M variance in grants and subsidies expense is mainly due to a winding up of provision of public health (COVID-19 related) programs in private hospitals. This was not known at the time of the budget.

xxxi. The \$41.1M variance in Other expenses is mainly due to Pandemic Leave payments (\$40.9M) associated with the COVID-19 pandemic, paid to the Australian Government. These were not known at the time of the budget.

xxxii. The \$111.7M variance in Cash recoupment from HHSs is due to this amount not being known at the time of the budget.

xxxiii. The \$783.2M variance for Property, plant and equipment is mainly due to changes in the timing and the nature of funding provided for the Department's Capital Program (refer to PPE comment xvii. above).

xxxiv. The \$739.2M variance in Equity injections is mainly due to the difference in treatment of depreciation funding between budget and actuals.

xxxv. The \$953.8M variance in Equity withdrawals is mainly due to HHS non appropriated equity transfers relating to capital reimbursement programs of \$874.8M.

Department of Health

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

For the year ended 30 June 2023

	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	
	2023	\$'000	2022	\$'000	2023	\$'000	2022	\$'000	2023	\$'000	2022	\$'000	2023	\$'000	2022	\$'000	2023	\$'000
REVENUE																		
Appropriation revenue	6,661,348	5,925,792	1,507,505	1,206,312	1,344,938	1,257,726	1,606,865	1,461,015	655,093	546,470	1,835,737	1,958,507	1,061,925	957,341	-	-	14,673,411	13,313,163
User charges	1,077,404	975,198	243,823	198,521	217,530	206,982	259,894	240,437	105,954	89,932	296,912	322,308	61,609	55,146	(22,071)	(23,890)	2,241,055	2,064,633
Labour recoveries	5,537,579	4,867,632	1,253,189	990,903	1,118,047	1,033,135	1,335,787	1,200,124	544,578	448,887	1,526,048	1,608,779	-	-	-	-	11,315,228	10,149,460
Grants and other contributions	3,188,587	3,190,597	721,598	649,509	643,781	677,191	769,159	786,648	313,574	294,233	960,402	1,128,418	15,694	14,625	-	-	6,612,795	6,741,221
Other revenue	45,245	53,617	10,239	10,915	9,135	11,380	10,914	13,219	4,449	4,944	12,469	17,721	1,535	1,138	-	-	93,986	112,934
Interest revenue	3,174	1,399	718	285	641	297	765	345	312	129	874	463	-	-	-	-	6,484	2,918
TOTAL REVENUE	16,513,338	15,014,235	3,737,072	3,056,445	3,334,072	3,186,711	3,983,384	3,701,788	1,623,960	1,384,595	4,632,442	5,036,196	1,140,762	1,028,249	(22,071)	(23,890)	34,942,959	32,384,329

EXPENSES																		
Employee expenses	6,160,559	5,449,077	1,385,113	1,104,239	1,242,557	1,154,238	1,476,406	1,337,388	601,171	499,923	1,591,193	1,682,678	905,570	814,597	-	-	13,362,569	12,042,140
Supplies and services	953,071	972,381	193,286	182,412	189,794	200,649	206,026	220,927	82,174	81,685	347,304	370,209	178,815	158,106	(22,071)	(23,890)	2,128,399	2,162,479
Health services	9,287,459	8,343,751	2,141,371	1,733,843	1,879,410	1,783,037	2,282,511	2,099,930	933,754	787,602	2,520,723	2,738,657	5,112	3,895	-	-	19,050,340	17,490,715
Grants and subsidies	37,765	55,322	6,196	8,402	7,945	12,016	6,604	10,177	2,502	3,632	46,112	55,967	41	233	-	-	107,165	145,749
Depreciation and amortisation	42,903	44,737	7,039	6,795	8,351	8,651	7,503	8,230	2,842	2,937	23,639	24,664	43,261	39,594	-	-	135,538	135,608
Net impairment losses on financial and contract assets	3,712	17,177	609	2,609	722	3,321	649	3,160	246	1,128	2,045	9,470	3,088	2,214	-	-	11,071	39,079
Share of loss from associates	329	1,369	54	208	64	265	58	252	22	90	182	755	-	-	-	-	709	2,939
Other expenses	67,863	167,280	12,529	25,439	13,371	32,357	13,354	30,811	5,215	10,997	30,666	92,068	4,610	4,505	-	-	147,608	363,457
TOTAL EXPENSES	16,553,661	15,051,094	3,746,197	3,063,947	3,342,214	3,194,534	3,993,111	3,710,875	1,627,926	1,387,994	4,561,864	4,974,468	1,140,497	1,023,144	(22,071)	(23,890)	34,943,399	32,382,166

(DEFICIT)/SURPLUS FOR THE YEAR	(40,323)	(36,859)	(9,125)	(7,502)	(8,142)	(7,823)	(9,727)	(9,087)	(3,966)	(3,399)	70,578	61,728	265	5,105	-	-	(440)	2,163
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS																		
Increase/(decrease) in asset revaluation surplus	11,350	6,629	1,862	1,007	2,209	1,282	1,985	1,220	752	435	6,253	3,655	41,859	44,476	-	-	66,270	58,704
OTHER COMPREHENSIVE INCOME	11,350	6,629	1,862	1,007	2,209	1,282	1,985	1,220	752	435	6,253	3,655	41,859	44,476	-	-	66,270	58,704
TOTAL COMPREHENSIVE INCOME	(28,973)	(30,230)	(7,263)	(6,495)	(5,933)	(6,541)	(7,742)	(7,867)	(3,214)	(2,964)	76,831	65,383	42,124	49,581	-	-	65,830	60,867

The accompanying notes form part of these statements.

Department of Health

Statement of assets and liabilities by major departmental services

As at 30 June 2023

	Mental Health and Alcohol and Other Drug Services										Sub and Non-Acute Care				Prevention, Primary and Community Care				Ambulance Services				Inter Service/Unit Eliminations				Total Major Departmental Services					
	Inpatient Care		Emergency Care		Drug Services		Outpatient Care		Care		and Community Care		Ambulance Services		Eliminations		Departmental Services		Ambulance Services		Eliminations		Departmental Services		Ambulance Services		Eliminations		Departmental Services			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
CURRENT ASSETS																																
Cash and cash equivalents	308,532	74,611	69,823	15,189	62,293	15,836	74,425	18,396	30,342	6,881	85,025	24,659	71,412	78,822	-	-	701,852	234,394	-	-	701,852	234,394	-	-	701,852	234,394	-	-	701,852	234,394		
Loans and receivables	1,358,136	1,511,158	307,355	307,626	274,210	320,737	327,613	372,579	133,562	139,357	374,276	499,446	67,037	30,152	(4,406)	(4,402)	2,837,783	3,176,653	-	-	2,837,783	3,176,653	-	-	2,837,783	3,176,653	-	-	2,837,783	3,176,653		
Inventories	87,248	100,309	19,745	20,420	17,615	21,290	21,046	24,731	8,580	9,250	24,044	33,152	-	-	-	-	178,278	209,152	-	-	178,278	209,152	-	-	178,278	209,152	-	-	178,278	209,152		
Prepayments	33,959	27,832	7,685	5,666	6,856	5,907	8,191	6,862	3,339	2,567	9,358	9,199	7,825	8,299	-	-	77,213	66,332	-	-	77,213	66,332	-	-	77,213	66,332	-	-	77,213	66,332		
Other assets	6	6	1	1	1	1	2	2	1	1	2	2	-	-	-	-	13	13	-	-	13	13	-	-	13	13	-	-	13	13		
TOTAL CURRENT ASSETS	1,787,881	1,713,916	404,609	348,902	360,975	363,771	431,277	422,570	175,824	158,056	492,705	566,458	146,274	117,273	(4,406)	(4,402)	3,795,139	3,686,544	(4,406)	(4,402)	3,795,139	3,686,544	(4,406)	(4,402)	3,795,139	3,686,544	(4,406)	(4,402)	3,795,139	3,686,544		
NON-CURRENT ASSETS																																
Loans and receivables	44,733	44,612	10,123	9,082	9,031	9,469	10,790	10,999	4,399	4,114	12,327	14,745	-	-	-	-	91,403	93,021	-	-	91,403	93,021	-	-	91,403	93,021	-	-	91,403	93,021		
Interests in associates	33,976	33,635	7,689	6,847	6,860	7,139	8,196	8,293	3,341	3,102	9,363	11,117	-	-	-	-	69,425	70,133	-	-	69,425	70,133	-	-	69,425	70,133	-	-	69,425	70,133		
Property, plant and equipment	586,068	295,704	132,631	60,196	118,328	62,762	141,373	72,906	57,635	27,269	161,509	97,732	661,680	609,134	-	-	1,859,224	1,225,703	-	-	1,859,224	1,225,703	-	-	1,859,224	1,225,703	-	-	1,859,224	1,225,703		
Right-of-use-assets	6,413	7,875	1,451	1,603	1,295	1,671	1,547	1,941	631	726	1,767	2,602	-	-	-	-	13,104	16,418	-	-	13,104	16,418	-	-	13,104	16,418	-	-	13,104	16,418		
Intangibles	142,895	142,145	32,338	28,937	28,851	30,170	34,470	35,046	14,053	13,109	39,379	46,980	6,042	6,131	-	-	298,028	302,518	-	-	298,028	302,518	-	-	298,028	302,518	-	-	298,028	302,518		
Other assets	16,359	13,920	3,702	2,834	3,303	2,955	3,946	3,432	1,609	1,284	4,508	4,601	-	-	-	-	33,427	29,026	-	-	33,427	29,026	-	-	33,427	29,026	-	-	33,427	29,026		
TOTAL NON-CURRENT ASSETS	830,444	537,891	187,934	109,499	167,668	114,166	200,322	132,617	81,668	49,604	228,853	177,777	667,722	615,265	-	-	2,364,611	1,736,819	-	-	2,364,611	1,736,819	-	-	2,364,611	1,736,819	-	-	2,364,611	1,736,819		
TOTAL ASSETS	2,618,325	2,251,807	592,543	458,401	528,643	477,937	631,599	555,187	257,492	207,660	721,558	744,235	813,996	732,538	(4,406)	(4,402)	6,159,750	5,423,363	(4,406)	(4,402)	6,159,750	5,423,363	(4,406)	(4,402)	6,159,750	5,423,363	(4,406)	(4,402)	6,159,750	5,423,363		
CURRENT LIABILITIES																																
Payables	1,001,910	1,020,836	226,738	207,811	202,287	216,668	241,683	251,689	98,530	94,140	276,106	337,392	21,944	30,397	(4,406)	(4,402)	2,064,792	2,154,531	-	-	2,064,792	2,154,531	-	-	2,064,792	2,154,531	-	-	2,064,792	2,154,531		
Accrued employee benefits	731,604	466,387	165,567	94,942	147,712	98,989	176,479	114,989	71,948	43,010	201,616	154,143	64,589	40,159	-	-	1,559,515	1,012,619	-	-	1,559,515	1,012,619	-	-	1,559,515	1,012,619	-	-	1,559,515	1,012,619		
Lease liabilities	848	1,215	192	247	171	258	204	299	83	112	233	401	-	-	-	-	1,731	2,532	-	-	1,731	2,532	-	-	1,731	2,532	-	-	1,731	2,532		
Other liabilities	28	238	7	48	6	50	7	58	3	22	8	78	2	5	-	-	61	499	-	-	61	499	-	-	61	499	-	-	61	499		
TOTAL CURRENT LIABILITIES	1,734,390	1,488,676	392,504	303,048	350,176	315,965	418,373	367,035	170,564	137,284	477,963	492,014	86,535	70,561	(4,406)	(4,402)	3,626,099	3,170,181	(4,406)	(4,402)	3,626,099	3,170,181	(4,406)	(4,402)	3,626,099	3,170,181	(4,406)	(4,402)	3,626,099	3,170,181		
NON-CURRENT LIABILITIES																																
Lease liabilities	26,010	31,786	5,886	6,471	5,252	6,746	6,274	7,837	2,558	2,931	7,168	10,505	-	-	-	-	53,148	66,276	-	-	53,148	66,276	-	-	53,148	66,276	-	-	53,148	66,276		
Other liabilities	-	28	-	6	-	6	-	7	-	3	-	9	-	-	-	-	-	59	-	-	-	-	-	-	-	-	-	-	-	-		
TOTAL NON-CURRENT LIABILITIES	26,010	31,814	5,886	6,477	5,252	6,752	6,274	7,844	2,558	2,934	7,168	10,514	-	-	-	-	53,148	66,335	-	-	53,148	66,335	-	-	53,148	66,335	-	-	53,148	66,335		
TOTAL LIABILITIES	1,760,400	1,520,490	398,390	309,525	355,428	322,717	424,647	374,879	173,122	140,218	485,131	502,528	86,535	70,561	(4,406)	(4,402)	3,679,247	3,236,516	(4,406)	(4,402)	3,679,247	3,236,516	(4,406)	(4,402)	3,679,247	3,236,516	(4,406)	(4,402)	3,679,247	3,236,516		
NET ASSETS	857,925	731,317	194,153	148,876	173,215	155,220	206,952	180,308	84,370	67,442	236,427	241,707	727,461	661,977	-	-	2,480,503	2,186,847	-	-	2,480,503	2,186,847	-	-	2,480,503	2,186,847	-	-	2,480,503	2,186,847		

The accompanying notes form part of these statements.

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:

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

Aims to provide 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 for reporting periods beginning on or after 1 July 2022.

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 2022-23 fair value of these services is estimated to be \$132.6M (\$133.7M for 2021-22) for payroll and \$8.8M (\$9.9M for 2021-22) 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 certain receivables measured at fair value.

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 currently 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 2023

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;
- Allowance for loss of service potential – Note 15 Inventories;
- 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.

Machinery-of-Government changes

Details of Transfer: The Office for Women function transferred from the Department of Justice and Attorney-General to the Department of Health.

Basis of transfer: Public Service Departmental Arrangements Notice (No.2) 2023 dated 18 May 2023.

Date of transfer: Effective from 1 June 2023.

The assets and liabilities transferred as a result of this change were as follows:

	\$'000
Assets	
Cash and cash equivalents	253
Loans and receivables	29
	282
Liabilities	
Payables	261
Accrued employee benefits	21
	282
Net Assets	-

Budgeted appropriation revenue of \$0.1 million (controlled) was reallocated from the Department of Justice and Attorney-General to the Department of Health as part of the Machinery-of-Government changes.

New and amended standards adopted

The Department has not applied any new standards or amendments for the first time in the annual reporting period commencing 1 July 2022.

A number of other amendments and interpretations apply for the first time for the year ended 30 June 2023, 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 2023 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 2. Appropriation revenue

	2023 \$'000	2022 \$'000
RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO APPROPRIATED REVENUE RECOGNISED IN OPERATING RESULT		
Original budgeted appropriation	13,831,521	12,714,683
Unforeseen expenditure	1,067,524	-
Lapsed appropriation revenue for other services	-	(205,928)
TOTAL APPROPRIATION RECEIPTS (CASH)	14,899,045	12,508,755
Less: Opening balance appropriation revenue receivable	(829,063)	(214,197)
Add: Closing balance appropriation revenue receivable	541,908	829,063
Add: Opening balance appropriation revenue payable	918,879	1,108,421
Less: Closing balance appropriation revenue payable	(857,358)	(918,879)
APPROPRIATION REVENUE FOR SERVICES RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14,673,411	13,313,163

	2023 \$'000	2022 \$'000
RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO EQUITY ADJUSTMENT		
Budgeted equity adjustment appropriation	350,776	272,460
Unforeseen expenditure*	21,652	-
Lapsed appropriation	-	(144,652)
EQUITY ADJUSTMENT RECEIPTS (CASH)	372,428	127,808
Less: Opening balance appropriated equity injection receivable	(384,380)	(305,548)
Add: Closing balance appropriated equity injection receivable	53,933	384,380
Add: Opening balance appropriated equity withdrawal payable	339,549	117,355
Less: Closing balance appropriated equity withdrawal payable	(322,169)	(339,549)
EQUITY ADJUSTMENT RECOGNISED IN CONTRIBUTED EQUITY**	59,361	(15,554)

* Unforeseen expenditure was primarily related to additional State funding provided for managing the ongoing COVID-19 response, negotiated outcomes of enterprise bargaining agreements reached in 2022-23, and for changes to whole-of government superannuation arrangements.

** This is net of equity injections and equity withdrawals.

Significant accounting policies

Appropriations provided under the *Appropriation Act 2022* and *Appropriation (COVID-19) Act 2020* (repealed 29 August 2022) 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 2022-23 amounted to \$514.8M (\$188.1M in 2021-22). Revenue appropriations are received on the basis of budget estimates and various activity-specific agreements.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 3. Revenue

2023	User charges \$'000	Labour recoveries \$'000	Grants and other contributions \$'000	Other revenue \$'000	Total \$'000
CONTRACTS WITH CUSTOMERS					
Sale of goods and services	1,814,947	-	-	-	1,814,947
Hospital fees	352,769	-	-	-	352,769
Labour recoveries from non-prescribed HHSs	-	11,315,228	-	-	11,315,228
Australian Government - National Health Funding Pool - Activity based funding*	-	-	5,543,574	-	5,543,574
Quarantine Fees	-	-	-	760	760
Licence charges	-	-	-	5,413	5,413
	2,167,716	11,315,228	5,543,574	6,173	19,032,691
NON-CONTRACT REVENUE					
Hospital fees	66,951	-	-	-	66,951
Rental income	6,388	-	-	-	6,388
Australian Government - National Health Funding Pool - Other funding**	-	-	896,628	-	896,628
Other grants and donations	-	-	172,593	-	172,593
Recoveries and reimbursements	-	-	-	69,671	69,671
Grants returned	-	-	-	9,719	9,719
Sale proceeds of non-capitalised assets	-	-	-	2,059	2,059
Other	-	-	-	6,364	6,364
	73,339	-	1,069,221	87,813	1,230,373
TOTAL	2,241,055	11,315,228	6,612,795	93,986	20,263,064

* Contract revenue includes \$61.7M of COVID-19 related funding.

** Non-contract revenue includes \$149.6M of COVID-19 related funding.

2022	User charges \$'000	Labour recoveries \$'000	Grants and other contributions \$'000	Other revenue \$'000	Total \$'000
CONTRACTS WITH CUSTOMERS					
Sale of goods and services	1,716,285	-	-	-	1,716,285
Hospital fees	255,571	-	-	-	255,571
Labour recoveries from non-prescribed HHSs	-	10,149,460	-	-	10,149,460
Australian Government - National Health Funding Pool - Activity based funding*	-	-	5,184,913	-	5,184,913
Quarantine Fees	-	-	-	69,284	69,284
Licence charges	-	-	-	5,403	5,403
	1,971,856	10,149,460	5,184,913	74,687	17,380,916
NON-CONTRACT REVENUE					
Hospital fees	86,031	-	-	-	86,031
Rental income	6,746	-	-	-	6,746
Australian Government - National Health Funding Pool - Other funding**	-	-	1,320,285	-	1,320,285
Other grants and donations	-	-	236,023	-	236,023
Recoveries and reimbursements	-	-	-	12,132	12,132
Grants returned	-	-	-	14,926	14,926
Sale proceeds of non-capitalised assets	-	-	-	919	919
Net gains from disposal/transfer of non-current assets	-	-	-	580	580
Other	-	-	-	9,690	9,690
	92,777	-	1,556,308	38,247	1,687,332
TOTAL	2,064,633	10,149,460	6,741,221	112,934	19,068,248

* Contract revenue includes \$296.8M of COVID-19 related funding.

** Non-contract revenue includes \$597.8M of COVID-19 related funding.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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 except for special purpose capital grants received to construct non-financial assets to be controlled by the Department.

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 each fortnight as part of each payroll cycle.

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, except for special purpose capital grants received to construct non-financial assets to be controlled by the Department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the Department satisfies its obligations under the grant through construction of the asset.

Note 4. Employee expenses

	2023 \$'000	2022 \$'000
Wages and salaries	10,394,941	9,490,738
Employer superannuation contributions	1,290,443	1,021,733
Annual leave levy	1,310,699	1,180,827
Long service leave levy	265,016	233,725
Termination payments	15,848	10,121
Workers' compensation premium	13,827	7,915
Other employee related expenses	71,795	97,081
	13,362,569	12,042,140

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.

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.

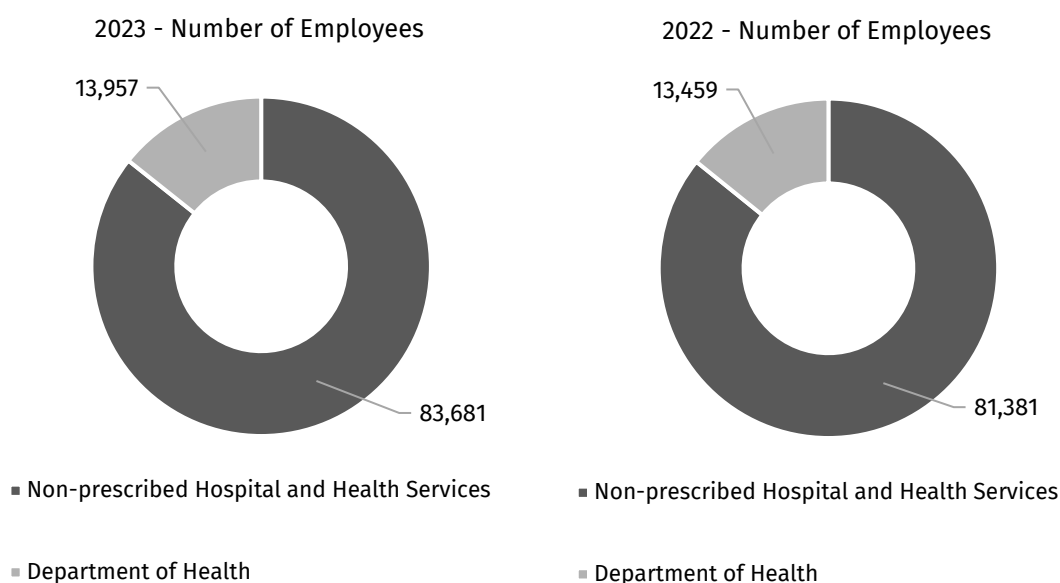
Under current Employer Arrangements, all HHSs are non-prescribed employers. This results in all non-executive employees being employed directly by the Director-General in the Department of Health and contracted to the HHSs.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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 2023. 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.

The Department's responsible Minister is identified as part of the Department's KMP. 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.

Remuneration policy for the Department's other key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Sector Act 2022*, 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 2022-2023, the remuneration of key management personnel generally increased by 2.5% and none of the key management personnel has a remuneration package that includes potential performance payments. The 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 of termination, regardless of the reason.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Director-General, Department of Health*										
<i>Current:</i> Shaun Drummond (acting from 14 March 2022, appointed from 7 October 2022 to current).	458	-	7	-	11	-	44	-	-	-
<i>Former:</i> Dr John Wakefield (acting from 7 to 18 September 2019, appointed from 19 September 2019 to 13 March 2022).	-	393	-	7	-	9	-	43	-	452
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.										
Chief Operating Officer**										
<i>Current:</i> Dr David Rosengren (acting from 14 March 2022, appointed from 5 September 2022 to current).	718	207	5	-	15	5	53	15	-	227
<i>Former:</i> Shaun Drummond (acting from 17 January 2022 to 13 March 2022).	-	-	-	-	-	-	-	-	-	-
Responsible for playing a key leadership role for the Department in supporting the Director General in setting the strategic business direction and ensuring the achievement of corporate goals. Leads the ongoing response to COVID-19. Supports the Director-General in being the primary point of contact and relationship manager of the Hospital and Health Service Network.										
Deputy Director-General, Corporate Services Division										
<i>Interim:</i> Damian Green (acting from 22 May 2023 to current).	47	-	-	-	1	-	4	-	-	-
<i>Current:</i> David Sinclair (5 September 2022 to 21 May 2023).	191	-	3	-	4	-	19	-	-	-
<i>Interim:</i> Nicholas Steele (1 June 2022 to 4 September 2022).	103	31	1	-	2	1	10	3	-	35
<i>Former:</i> Barbara Phillips (6 March 2017 to 26 September 2021, and 29 January 2022 to 31 May 2022).	-	218	-	3	-	5	-	19	-	245
<i>Interim:</i> Luan Sadiqaj (acting from 27 September 2021 to 28 January 2022).	-	93	-	-	-	2	-	9	-	104
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 and industrial relations.										
Deputy Director-General, Clinical Excellence Queensland										
<i>Current:</i> Dr Helen Brown (acting from 28 March 2022, appointed from 5 September 2022 to current).	561	123	5	-	11	3	50	10	-	136
<i>Interim:</i> Shelley Nowlan (acting from 1 July 2021 to 27 March 2022).	-	203	-	6	-	4	-	18	-	231
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.										
Deputy Director-General, Healthcare Purchasing and System Performance Division										
<i>Current:</i> Melissa Carter (acting from 28 February 2022, appointed from 1 September 2022 to current).	254	117	-	-	6	3	29	12	-	132
<i>Former:</i> Nicholas Steele (31 August 2015 to 27 February 2022).	-	234	-	6	-	5	-	25	-	270
Responsibilities include purchasing of clinical activity from service providers and managing the performance of those service providers to achieve whole-of-system outcomes.										

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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		Total Benefits \$'000	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Queensland Chief Health Officer <i>Current:</i> Dr John Gerrard (13 December 2021 to current). <i>Interim:</i> Prof. Keith McNeil (acting from 15 June 2020 while Dr Young then Dr Gerrard handled the COVID-19 pandemic). <i>Former:</i> Dr Jeannette Young (6 July 2015 to 31 October 2021). 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.	562	373	6	4	13	7	58	30	-	-	639	414
Associate Director-General, Strategy, Policy and Reform Division*** <i>Current:</i> David Sinclair (acting from 22 May 2023 to current). <i>Current:</i> Jasmina Joldic (acting from 24 January 2022, appointed from 5 September 2022 to 21 May 2023). Responsible for providing strategic leadership to drive the design, execution and evaluation of the strategic agenda for health in Queensland.	39	-	-	-	1	-	4	-	-	-	44	-
Commissioner, Queensland Ambulance Services <i>Current:</i> Craig Emery (acting from 7 August 2021, appointed from 7 February 2022 to current). <i>Former:</i> Russell Bowles (3 June 2011 to 6 August 2021). Responsible and accountable for the strategic direction and overall operations of the Queensland Ambulance Service.	288	133	4	1	6	3	28	12	-	-	326	149
Deputy Director-General, eHealth Queensland <i>Interim:</i> Dr Tanya Kelly (acting from 2 May 2023 to current). <i>Current:</i> Damian Green (23 September 2019 to 1 May 2023). 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.	391	332	-	-	10	7	46	31	-	-	447	370
Chief First Nations Health Officer <i>Current:</i> 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.	-	62	-	-	-	1	-	5	-	-	-	68
Deputy Director-General, eHealth Queensland <i>Interim:</i> Dr Tanya Kelly (acting from 2 May 2023 to current). <i>Current:</i> Damian Green (23 September 2019 to 1 May 2023). 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.	78	-	-	-	2	-	7	-	-	-	87	-
Chief First Nations Health Officer <i>Current:</i> 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.	268	305	3	3	6	7	20	25	-	-	297	340
Chief First Nations Health Officer <i>Current:</i> 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.	317	312	5	5	7	7	33	33	-	-	362	357

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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	2022	2023	2022
Chief Finance Officer Current: Luan Sadikaj (10 September 2018 to 26 September 2021, 29 January 2022 to 4 May 2022 and 1 August 2022 to current). Interim: Natasha McCarthy (acting from 27 September 2021 to 28 January 2022 and 5 May 2022 to 31 July 2022). 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> .	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	2022
	142	2	-	3	10	-	2022	2023	2022
	216	5	5	2	11	-	2022	2023	2022
	107	6	2	-	23	-	2022	2023	2022
	27	1	-	3	2	-	2022	2023	20

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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	
	2023	2022
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 2023, 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 2023, there were outstanding balances for receivables and payables relating to these transactions (refer Notes 14 and 19).		
Cairns and Hinterland HHS	1,083,663	1,018,669
Central Queensland HHS	657,564	642,235
Central West HHS	85,039	77,216
Children's Health Queensland HHS	816,786	743,256
Darling Downs HHS	913,886	848,694
Gold Coast HHS	1,838,401	1,742,782
Mackay HHS	507,735	472,992
Metro North HHS	3,269,313	3,118,919
Metro South HHS	2,700,600	2,547,385
North West HHS	206,232	190,737
South West HHS	163,483	149,756
Sunshine Coast HHS	1,266,378	1,160,790
Torres and Cape HHS	238,912	228,662
Townsville HHS	1,099,966	1,004,256
West Moreton HHS	795,230	740,503
Wide Bay HHS	712,512	671,705

* Expenditure captured and reflected is representative of the cash funding movements that have occurred between the Department and HHSs within the year. This does not include non-cash entries such as depreciation funding and year-end technical adjustments for payables and receivables, reported in other notes to the statements.

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) 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 2022-23 was \$307.0M (\$133.8M in 2021-22).

The Department received shared services from the Department of Housing (formerly the Department of Communities, Housing, and the Digital Economy (DCHDE)). Shared services provided by DCHDE have been transferred to the Department of Transport and Main Roads from 1 June 2023. The value of these transactions during 2022-23 was \$13.1M (\$10.8M in 2021-22).

The Department receives IT services and IT related capital projects work from the Queensland Police Service (QPS). The value of these transactions during 2022-23 was \$34.4M (\$26.0M in 2021-22).

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 7. Supplies and services

	2023 \$'000	2022 \$'000
Drugs	628,360	572,287
Clinical supplies and services*	487,537	687,743
Consultants and contractors	249,843	206,310
Expenses relating to capital works	3,309	19,527
Repairs and maintenance	215,861	206,965
Rental expenses**	54,149	51,988
Lease expenses	9,307	8,454
Computer services	212,412	171,076
Communications	51,937	48,635
Advertising	17,668	17,501
Catering and domestic supplies	5,826	5,066
Utilities	11,026	10,237
Motor vehicles and travel	29,675	23,730
Building services	15,659	15,280
Interstate transport levy	5,433	3,029
Freight and office supplies	24,341	31,631
Other***	106,056	83,020
	2,128,399	2,162,479

Note 8. Health services

	2023 \$'000	2022 \$'000
Hospital and Health Services*	17,868,410	16,385,479
Mater Hospitals*	565,282	544,189
National Blood Authority	58,281	47,256
Aeromedical services	175,170	142,465
Community health service providers	139,842	136,350
Mental health service providers	97,019	80,072
Other health service providers	146,336	154,904
	19,050,340	17,490,715

Note 9. Grants and subsidies

	2023 \$'000	2022 \$'000
Medical research programs	25,304	25,467
Public hospital support services*	32,260	65,215
Mental health and other support services	49,601	55,067
	107,165	145,749

Significant accounting policies

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

* Includes a June 2023 \$0.2M (\$28.3M in 2021-22) write down of inventory to net realisable value.

** Rental expenses include building rental.

*** The Department receives free information technology services from the Department of Transport and Main Roads (formerly the Department of Communities, Housing & Digital Economy prior to 1 June 2023 MoG changes), for service access by Queensland Ambulance Service to the Government Wireless Network.

The fair value of these services for 2022-23 is estimated to be \$7.4M (\$7.0M for 2021-22).

* Inclusive of a specific COVID-19 funding component for Hospital and Health Services of \$262.9M (\$674.0M in 2021-22) and Mater Hospitals of \$12.0M (\$10.5M in 2021-22).

* Inclusive of \$31.5M COVID-19 grants to other government departments and hospitals (\$65.2M in 2021-22).

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 10. Other expenses

	2023 \$'000	2022 \$'000
Insurance QGIF	3,021	2,820
Insurance other	2,881	2,831
Net losses from disposal/transfer of non-current assets	838	-
Journals and subscriptions	10,569	10,990
Legal costs	10,491	6,418
Audit fees*	1,729	1,517
Special payments**	2,046	462
Interest - lease liabilities	2,221	1,602
Net (decrease)/increase in allowance for loss of service potential***	(17,645)	222,459
Quarantine Fees	73	795
Pandemic leave payments****	40,918	58,262
Donated inventory*****	63,377	46,922
Donated land *****	10,612	-
Other	16,477	8,379
	147,608	363,457

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 2022-23 include \$0.8M for financial statements audit (\$0.8M in 2021-22) and \$0.7M for the assurance engagement and other audits (\$0.6M in 2021-22).

** In 2022-23, there were six special payments exceeding \$5,000 (seven payments in 2021-22). These related to patient and other ex-gratia payments.

*** Decrease in allowance for loss of service potential in 2022-23 includes a reduction in the provision for critical supply reserves of Rapid Antigen Test inventory (\$222.5M increase in 2021-22).

**** Pandemic leave payments, related to the COVID-19 pandemic, made to the Australian Government.

***** Donated inventory includes COVID-19 medical supplies inventory (Rapid Antigen Tests) donated to HHSs, state government agencies and other institutions.

***** Donation of former Wynnum hospital site to Winnam Aboriginal and Torres Strait Islander Corporation.

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

	2023 \$'000	2022 \$'000
Surplus/(deficit) for the year	(440)	2,163
Adjustments for:		
Depreciation and amortisation	135,538	135,608
Impairment of non-current and other assets	(4,683)	241,478
Net (gain)/loss on disposal of non-current assets	(1,248)	(970)
Share of (gain)/loss - associates	709	2,939
Net impairment losses on financial and contract assets	11,071	26,071
Donated non-cash assets	(90,879)	(80,945)
Non-cash depreciation funding expense	999,941	924,035
Other non-cash items	(52,427)	(251,658)
Changes in assets and liabilities:		
(Increase)/decrease in loans and receivables	58,234	(800,460)
(Increase)/decrease in inventories	121,753	103,229
(Increase)/decrease in prepayments	(15,282)	(22,555)
Increase/(decrease) in payables	(80,233)	(51,537)
Increase/(decrease) in accrued employee benefits	546,896	351,811
Increase/(decrease) in unearned revenue	(497)	(1,101)
Net cash from operating activities	1,628,453	578,108

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 12. Cash and cash equivalents

	2023 \$'000	2022 \$'000
Cash at bank	673,871	206,470
24-hour call deposits	7,981	7,924
Fixed rate deposit	20,000	20,000
	701,852	234,394

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 2022-23 the annual effective interest rate on the 24-hour call deposit was 4.23 per cent per annum (0.76 per cent per annum in 2021-22).

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 2022-23 the weighted average interest rate on this deposit was 2.13 per cent per annum (0.59 per cent per annum in 2021-22).

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).

Note 13. Restricted assets

	2023 \$'000	2022 \$'000
General Trust	10,251	9,899
Clinical drug trials	472	1,189
	10,723	11,088

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.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 14. Loans and receivables

	Current	Non-Current	Total	Current	Non-Current	Total
	2023	2023	2023	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TRADE AND OTHER RECEIVABLES						
Trade Receivables	183,656	-	183,656	208,509	-	208,509
<i>Less: Allowance for impairment of receivables</i>	(47,874)	-	(47,874)	(73,862)	-	(73,862)
Receivables from HHSs	1,421,515	-	1,421,515	1,150,468	-	1,150,468
Appropriation Receivable	595,841	-	595,841	1,213,443	-	1,213,443
Grants receivable	199,018	-	199,018	252,732	-	252,732
Annual leave reimbursements	354,932	-	354,932	305,245	-	305,245
Long service leave reimbursements	64,830	-	64,830	58,228	-	58,228
Right of use asset lease receivable	1,229	40,393	41,622	1,925	50,369	52,294
Other Receivables	472	15	487	433	-	433
	2,773,619	40,408	2,814,027	3,117,121	50,369	3,167,490
PAYROLL LOANS						
Payroll Overpayments	24,189	25,596	49,785	35,759	13,262	49,021
<i>Less: Overpayments impairment</i>	(391)	(4,704)	(5,095)	(20,421)	(3,772)	(24,193)
Payroll Cash Advances	73	-	73	1,969	-	1,969
<i>Less: Payroll Cash Advances impairment</i>	(60)	-	(60)	(1,835)	-	(1,835)
Payroll Pay Date Loan	4,130	36,737	40,867	4,159	41,030	45,189
<i>Less: Pay date loan fair value adjustment</i>	-	(6,161)	(6,161)	(99)	(7,278)	(7,377)
<i>Less: Pay date loan impairment</i>	-	(473)	(473)	-	(590)	(590)
	27,941	50,995	78,936	19,532	42,652	62,184
GST						
GST input tax credits receivable	37,210	-	37,210	40,880	-	40,880
<i>Less: GST payable</i>	(987)	-	(987)	(880)	-	(880)
	36,223	-	36,223	40,000	-	40,000
	2,837,783	91,403	2,929,186	3,176,653	93,021	3,269,674

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 loan was to provide a transitional loan equal to two weeks' net pay, and is measured at fair value 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 10 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 2023, as the majority of the debt is with other government agencies.

The closing balance of receivables arising from contracts with customers at 30 June 2023 is \$326.9M (\$266.9M in 2021-22).

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 2023. 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

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 14. Loans and receivables (continued)

recovery of those receivables. To reflect the expected future 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 4.0 per cent 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 2023. Set out below is the Department's credit risk exposure with trade and other debtors broken down by ageing band.

Credit risk exposure of loans and receivables

	Gross receivables	*Loss rate	Expected credit losses	Gross receivables	*Loss rate	Expected credit losses
	2023	2023	2023	2022	2022	2022
	\$'000	%	\$'000	\$'000	%	\$'000
Ageing						
Not Due	2,760	6.41%	(177)	8,247	8.08%	(666)
0 to 30 days	1,264	7.83%	(99)	12,537	8.02%	(1,006)
31 to 60 days	1,037	9.64%	(100)	8,966	8.65%	(776)
61 to 90 days	761	11.96%	(91)	8,729	9.76%	(852)
91 to 120 days	1,069	14.59%	(156)	8,040	13.17%	(1,059)
More than 120 days	46,961	100.00%	(46,962)	51,318	100.00%	(51,318)
	53,852		(47,585)	97,837		(55,677)

*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 2023.

An allowance for impairment of \$53.5M (\$100.5M in 2021-22) has been recognised in relation to payroll overpayments, pay date transitional loan and other receivables. 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.

Ageing of loans and receivables

	Past Due but Not impaired	Past Due but Not impaired	Impaired	Impaired
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
0 to 30 days	3,728	20,857	296	6,716
31 to 60 days	935	8,256	103	2,361
61 to 90 days	642	8,271	119	2,475
More than 90 days	911	9,146	52,984	88,928
	6,216	46,530	53,502	100,480

Movement in the allowance for impairment

	2023	2022
	\$'000	\$'000
Opening balance	100,480	73,594
Increase/(Decrease) in impairment recognised on aged receivables	(46,978)	48,331
	53,502	121,925
Increase/(Decrease) in impairment recognised on accrued revenue - quarantine fees	-	(21,445)
Closing balance	53,502	100,480

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 15. Inventories

	2023 \$'000	2022 \$'000
Medical supplies and drugs	342,713	426,373
Less: Allowance for loss of service potential*	(218,815)	(267,331)
	123,898	159,042
Non-medical, engineering and other	49,071	45,204
Catering and domestic	5,309	4,906
	178,278	209,152

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.

*Includes provision for critical supply reserve Rapid Antigen Test inventory (see Note 10).

Note 16. Property, plant and equipment

2023	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	262,909	1,185,477	933,510	796,192	3,178,088
Less: Accumulated depreciation	-	(657,172)	(661,692)	-	(1,318,864)
Carrying amount at end of period	262,909	528,305	271,818	796,192	1,859,224
<i>Categorisation of fair value hierarchy</i>	<i>Level 2</i>	<i>Level 3</i>			
Movement					
Carrying amount at start of period	230,377	511,178	250,794	233,354	1,225,703
Additions	2,820	61	68,236	564,771	635,888
Donations received	1,754	-	-	-	1,754
Donations made	(10,612)	-	(5)	-	(10,617)
Disposals	-	-	(2,575)	-	(2,575)
Revaluation increments/(decrements)	32,682	33,588	-	-	66,270
Transfers (to)/from HHSs*	321	(92,128)	(16,433)	151,544	43,304
Transfers (to)/from intangibles	-	80	-	-	80
Transfer (to)/from Dept. of Energy and Public Works	70	118	-	-	188
Transfers between classes	5,497	102,447	45,533	(153,477)	-
Depreciation expense	-	(27,039)	(73,732)	-	(100,771)
Carrying amount at end of period	262,909	528,305	271,818	796,192	1,859,224

* Transfer into Capital works in progress (\$151.5M) relates to capital projects initiated in Metro South Hospital & Health Service and transferred into the Department for management and completion.

2022	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	230,377	1,103,832	892,719	233,354	2,460,282
Less: Accumulated depreciation	-	(592,654)	(641,925)	-	(1,234,579)
Carrying amount at end of period	230,377	511,178	250,794	233,354	1,225,703
<i>Categorisation of fair value hierarchy</i>	<i>Level 2</i>	<i>Level 3</i>			
Movement					
Carrying amount at start of period	169,283	451,738	286,816	93,824	1,001,661
Additions	32,285	27,174	41,900	163,024	264,383
Donations made	-	-	(5)	-	(5)
Disposals	(430)	(252)	(2,633)	-	(3,315)
Revaluation increments/(decrements)	20,716	37,988	-	-	58,704
Transfers (to)/from HHSs	(1,510)	(21,928)	(19,934)	-	(43,372)
Transfer (to)/from Queensland Fire and Emergency Services	5,535	37,885	-	-	43,420
Transfer (to)/from Economic Development Qld	4,498	-	-	-	4,498
Transfers between classes	-	3,816	19,678	(23,494)	-
Depreciation expense	-	(25,243)	(75,028)	-	(100,271)
Carrying amount at end of period	230,377	511,178	250,794	233,354	1,225,703

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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 68 years, with exceptions up to 105 years; for plant and equipment the total useful life is between 2 and 26 years, with exceptions up to 52 years:

- 2 to 20 years for Computer equipment, and 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 revalue 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 held at cost 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 2023

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 \$32.5M increment (\$23.1M increment in 2021-22) to the carrying amount of land. For land not subject to comprehensive valuations, indices of between 0.9 to 2.3 were applied, which were sourced from the State Valuation Services.

The Department recognises land at Tangalooma valued at \$0.10M (\$0.10M in 2021-22) 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 value of \$3.7M (five buildings at value of \$3.7M in 2021-22). An independent fully comprehensive revaluation of 225 buildings and site improvements was performed during 2022-23. For all remaining buildings and site improvements not subject to independent fully comprehensive

revaluations during 2022-23, indices of between 1.085 (Metropolitan zones) to 1.12 (Rural zones) were instead applied, 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 state of Queensland generally has seen above market price increases during the past year that were largely driven by higher demand for property due to buyer behaviours, net immigration from other states and construction cost increases from interruptions to supply chains all of which have resulted from the COVID-19 pandemic. The building valuations for 2022-23 resulted in a net increment to the building portfolio of \$32.1M (\$36.8M increment in 2021-2022).

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**

2023	Buildings \$'000	Equipment \$'000	Total \$'000
Gross	16,057	123	16,180
Less: Accumulated depreciation	(3,054)	(22)	(3,076)
Carrying amount at end of period	13,003	101	13,104

Movement			
Carrying amount at start of period	16,418	-	16,418
Additions		123	123
Re-measurements	(2,693)	-	(2,693)
Depreciation expense	(722)	(22)	(744)
Carrying amount at end of period	13,003	101	13,104

2022	Buildings \$'000	Equipment \$'000	Total \$'000
Gross	18,750	-	18,750
Less: Accumulated depreciation	(2,332)	-	(2,332)
Carrying amount at end of period	16,418	-	16,418

Movement			
Carrying amount at start of period	20,726	-	20,726
Re-measurements	(3,439)	-	(3,439)
Depreciation expense	(869)	-	(869)
Other adjustments			-
Carrying amount at end of period	16,418	-	16,418

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 17. Leases (continued)

Lease liabilities

	2023 \$'000	2022 \$'000
Current	1,731	2,532
Non-current	53,148	66,276
	54,879	68,808

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, which 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 Corporation's 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 2022-23 was \$2.1M (\$2.9M in 2021-22).

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.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 17. Leases (continued)

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.

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**

	2023	2022
	\$'000	\$'000
Current	1,229	1,925
Non-current	40,393	50,369
	41,622	52,294

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

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

	2023	2022
	\$'000	\$'000
Rentals received from operating leases (included in other revenue)	6,388	6,746
Interest received (Included in interest revenue)	1,864	1,387
	8,252	8,133

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 the net investment in the sublease as a receivable; and
- 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
- recognises during the term of the lease the finance income on the sublease.
- The Department also assesses the receivable for impairment.

c) Maturity analysis

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

	Lease liability payments to be made		Lease receivable payments to be received	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
In year 1	4,437	4,211	3,339	3,200
In year 2	4,437	4,211	3,339	3,200
In year 3	4,415	4,211	3,339	3,200
In year 4	4,393	4,211	3,339	3,200
In year 5	4,393	4,211	3,339	3,200
Later than 5 years	65,895	67,369	50,080	51,201
	87,970	88,424	66,775	67,201

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 18. Intangibles

	Software purchased		Software generated		Software work in progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	123,119	125,380	649,597	599,336	37,690	62,085	810,406	786,801
Less: Accumulated amortisation	(113,133)	(112,007)	(399,245)	(372,276)	-	-	(512,378)	(484,283)
Carrying amount at end of period	9,986	13,373	250,352	227,060	37,690	62,085	298,028	302,518

Represented by movements in carrying amount:

Carrying value at 1 July	13,373	17,966	227,060	237,993	62,085	65,395	302,518	321,354
Additions	-	259	11,581	12,949	18,762	3,699	30,343	16,907
Disposals	-	-	(572)	(3,538)	-	-	(572)	(3,538)
Transfers (to)/from property, plant & equipment	-	-	-	-	(80)	-	(80)	-
Transfers (to)/from HHSs	(158)	-	-	2,263	-	-	(158)	2,263
Transfers between classes	-	-	43,077	7,009	(43,077)	(7,009)	-	-
Amortisation expense	(3,229)	(4,852)	(30,794)	(29,616)	-	-	(34,023)	(34,468)
Carrying amount at end of period	9,986	13,373	250,352	227,060	37,690	62,085	298,028	302,518

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 the 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 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

	2023	2022
	\$'000	\$'000
Trade payables	359,645	548,976
Appropriations payable	1,179,527	1,258,428
Contract Liability - Commonwealth	-	11,328
Hospital and Health Service payables	338,138	168,068
PAYG withholdings	185,563	147,387
Other payables	1,919	20,344
	2,064,792	2,154,531

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 2023

Note 20. Accrued employee benefits

	2023	2022
	\$'000	\$'000
Salaries and wages accrued	904,154	497,134
Annual leave levy payable	448,213	333,679
Long service leave levy payable	94,007	82,141
Other employee entitlements payable	113,141	99,665
	1,559,515	1,012,619

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
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of period	78,976	58,635	223,026	184,748	302,002	243,383
Asset revaluation increment/(decrement)	32,682	20,716	33,588	37,988	66,270	58,704
Asset revaluation transferred to retained surplus*	(2)	(375)	(72)	290	(74)	(85)
Carrying amount at end of period	111,656	78,976	256,542	223,026	368,198	302,002

* Represents transfers via Equity for revaluation increments/(decrements) on land & building assets recorded by the Department of Health in its capacity as the asset management administrator.

Note 22. Interests in associates

Associates

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 2022 to 30 June 2023, 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 2022. The information disclosed below 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.

Joint Operations

Effective July 1, 2021, the Department, through Queensland Ambulance Service (QAS), entered a joint operation agreement with Queensland Fire and Emergency Services (QFES), entitled "Co-location of Kedron Park Facility". The agreement provides for the co-location, management, and operation of the Emergency Services Complex (the "Complex"), located at Kedron, Queensland. In accordance with the agreement, the Department has a 39.6% share of net assets jointly owned with QFES. The Department's initial share of the net assets was recognised in equity (\$50.1M), comprising cash and cash equivalents (\$6.7M) and property, plant and equipment (\$43.4M).

The Department is a partner to the Australian e-Health Research Centre (AEHRC) joint operation. The current agreement runs to 30 June 2027. The Department has no rights to the net assets or liabilities of the AEHRC, except a return of cash contributions in limited circumstances. The Department makes a cash contribution of \$1.5M per annum.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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)	
	2023	2022
	\$'000	\$'000
SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	38,949	26,434
Expenses	(41,782)	(38,191)
SURPLUS/(DEFICIT)	(2,833)	(11,757)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	(2,833)	(11,757)
THE DEPARTMENT'S SHARE OF TOTAL COMPREHENSIVE INCOME	(709)	(2,939)

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

	2023	2022
	\$'000	\$'000
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Current assets	58,976	34,116
Non-current assets	249,060	275,079
TOTAL ASSETS	308,036	309,195
Current liabilities	13,590	11,118
Non-current liabilities	16,751	17,547
TOTAL LIABILITIES	30,341	28,665
NET ASSETS	277,695	280,530
THE DEPARTMENT'S SHARE OF NET ASSETS	69,425	70,133

Note 23. Contingencies

Guarantees

As at 30 June 2023 the Department held guarantees of \$65.5M (\$20.7M in 2021-22) 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 2023, the Department had 17 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 2023, Queensland Health received 21 human rights complaints, of which there were seven related cases remaining open.

At 30 June 2022, the Department reported on a litigation case that has not been resolved as at 30 June 2023. This is in relation to Queensland Industrial Relations Commission applications on the applicability of specialty allowances in certain regions. The outcome of this litigation remains uncertain.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

Note 24. Commitments for expenditure

	Capital 2023 \$'000	Capital 2022 \$'000	Lease - operating 2023 \$'000	Lease - operating 2022 \$'000
Committed at reporting date but not recognised as liabilities, payable:				
within 1 year	782,752	508,352	57,590	52,718
1 year to 5 years	85,526	628	120,797	116,791
more than 5 years	-	27	20,210	22,165
	868,278	509,007	198,597	191,674

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.

	2023 \$'000	Original Budget 2023 \$'000	2022 \$'000	Ref	Actual vs budget variance \$'000
Administered revenues					
Administered item appropriation	71,535	71,129	71,381	i.	406
Taxes, fees and fines	61	4	63		57
Total administered revenues	71,596	71,133	71,444		463
Administered expenses					
Grants	71,535	71,133	71,381	i.	402
Other expenses	61	-	63		61
Total administered expenses	71,596	71,133	71,444		463
Administered assets					
Current					
Cash	12	5	2		7
Total administered assets	12	5	2		7
Administered liabilities					
Current					
Payables	12	5	2		7
Total administered liabilities	12	5	2		7

Actual vs budget comparison

i. The (\$0.4M) variance for Administered appropriation and Grants relates to new unbudgeted funding provided to Health and Wellbeing Queensland (HWQ) this financial year.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

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

	2023	2022
	\$'000	\$'000
Budgeted appropriation	71,129	77,212
Unforeseen expenditure	406	(5,831)
Administered revenue recognised in Note 25	71,535	71,381

Note 27. Activities and other events

There were no other material events after the reporting date of 30 June 2023 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 2023, although the actual impacts cannot be reliably estimated at the reporting date.

Department of Health
Management Certificate

For the year ended 30 June 2023

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 2023 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.



Michael Walsh – Acting Director-General
Department of Health

Date 25/08/2023



Luan Sadikaj CPA – Chief Finance Officer
Department of Health

Date 25/8/2023

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 2023, 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 services as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income by major departmental services for the year then ended, notes to the financial statements including material accounting policy information, and the management certificate.

Basis for opinion

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

I am independent of the 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 material accounting policy information 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 2023:

- 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

28 August 2023

Queensland Audit Office
Brisbane

ANNUAL REPORT 2022–23
Department of Health
www.health.qld.gov.au