

**Queensland Health**

**Financial Statements - 30 June 2019**

# Queensland Health

## Contents and General Information

30 June 2019

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### General Information

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

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

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

1 William Street  
Brisbane  
Queensland 4000

For information in relation to the Department's financial statements, email [FIN\\_Corro@health.qld.gov.au](mailto:FIN_Corro@health.qld.gov.au) or visit the Queensland Health website at <http://www.health.qld.gov.au>

## Statement of profit or loss and other comprehensive income

For the period ended 30 June 2019

	Note	2019 \$'000	Original Budget 2019 \$'000	2018 \$'000	Ref*	Actual vs budget variance \$'000
<b>Revenue</b>						
Appropriation revenue	3	11,658,807	10,934,749	10,705,087	i.	724,058
User charges	4	1,987,574	1,907,215	1,886,113	ii.	80,359
Labour recoveries	5	2,202,044	2,158,880	2,043,273	iii.	43,164
Grants and other contributions	6	4,913,404	4,712,648	4,711,579	iv.	200,756
Other revenue	7	25,910	22,968	26,515		2,942
Interest revenue		2,885	668	4,192		2,217
<b>Total revenue</b>		<b>20,790,624</b>	<b>19,737,128</b>	<b>19,376,759</b>		<b>1,053,496</b>
<b>Expenses</b>						
Employee expenses	8	(3,721,327)	(3,694,926)	(3,448,363)		(26,401)
Supplies and services	11	(1,766,436)	(1,796,064)	(1,659,283)		29,628
Health services	12	(14,249,554)	(13,836,181)	(13,381,014)	v.	(413,373)
Grants and subsidies	13	(57,853)	(77,404)	(68,444)		19,551
Depreciation and amortisation	20,21	(140,365)	(148,509)	(149,257)		8,144
Impairment losses		(3,272)	(950)	(7,011)		(2,322)
Share of loss from associates	28	(1,417)	-	(1,263)		(1,417)
Other expenses	14	(849,768)	(153,114)	(660,617)	vi.	(696,654)
<b>Total expenses</b>		<b>(20,789,992)</b>	<b>(19,707,148)</b>	<b>(19,375,252)</b>		<b>(1,082,844)</b>
<b>Surplus for the year</b>		<b>632</b>	<b>29,980</b>	<b>1,507</b>		<b>(29,348)</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Increase/(decrease) in asset revaluation surplus		22,611	-	72,500		22,611
<b>Other comprehensive income for the year</b>		<b>22,611</b>	<b>-</b>	<b>72,500</b>		<b>22,611</b>
<b>Total comprehensive income for the year</b>		<b>23,243</b>	<b>29,980</b>	<b>74,007</b>		<b>(6,737)</b>

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

The accompanying notes form part of these statements.

# Queensland Health

## Statement of financial position

As at 30 June 2019

	Note	2019 \$'000	Original Budget 2019 \$'000	2018 \$'000	Ref*	Actual vs budget variance \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	15	992,820	273,702	295,481	vii.	719,118
Loans and receivables	17	846,017	846,957	1,324,306		(940)
Inventories	18	67,884	71,720	63,435		(3,836)
Assets held for sale	19	8,000	22,951	9,022	viii.	(14,951)
Prepayments		77,331	81,088	84,134		(3,757)
<b>Total current assets</b>		<b>1,992,052</b>	<b>1,296,418</b>	<b>1,776,378</b>		<b>695,634</b>
<b>Non-current assets</b>						
Loans and receivables	17	51,288	40,108	67,805	ix.	11,180
Interests in associates	28	75,041	77,721	76,458		(2,680)
Property, plant and equipment	20	1,011,225	1,347,843	1,000,951	x.	(336,618)
Intangibles	21	340,929	333,757	308,470		7,172
Other assets		3,288	2,081	2,966		1,207
<b>Total non-current assets</b>		<b>1,481,771</b>	<b>1,801,510</b>	<b>1,456,650</b>		<b>(319,739)</b>
<b>Total assets</b>		<b>3,473,823</b>	<b>3,097,928</b>	<b>3,233,028</b>		<b>375,895</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	22	1,342,648	485,827	1,204,676	xi.	856,821
Accrued employee benefits	23	499,348	499,281	439,874		67
Unearned revenue		2,670	2,939	3,073		(269)
<b>Total current liabilities</b>		<b>1,844,666</b>	<b>988,047</b>	<b>1,647,623</b>		<b>856,619</b>
<b>Non-current liabilities</b>						
Unearned revenue		2,622	3,561	2,739		(939)
<b>Total non-current liabilities</b>		<b>2,622</b>	<b>3,561</b>	<b>2,739</b>		<b>(939)</b>
<b>Total liabilities</b>		<b>1,847,288</b>	<b>991,608</b>	<b>1,650,362</b>		<b>855,680</b>
<b>Net assets</b>		<b>1,626,535</b>	<b>2,106,320</b>	<b>1,582,666</b>		<b>(479,785)</b>
<b>Equity</b>						
Contributed equity		85,559		73,604		
Asset revaluation surplus	24	225,804		206,925		
Retained surpluses		1,315,172		1,302,137		
<b>Total equity</b>		<b>1,626,535</b>	<b>2,106,320</b>	<b>1,582,666</b>	xii.	<b>(479,785)</b>

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

The accompanying notes form part of these statements.

# Queensland Health

## Statement of changes in equity

For the period ended 30 June 2019

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
Balance at 1 July 2017	-	134,425	1,291,624	1,426,049
Surplus for the year	-	-	1,507	1,507
Increase/(decrease) in asset revaluation surplus	-	72,500	-	72,500
Total comprehensive income for the year	-	72,500	1,507	74,007
<i>Transactions with owners in their capacity as owners:</i>				
Equity injections	357,709	-	-	357,709
Equity withdrawals	(611,325)	-	-	(611,325)
HHS equity transfers*	331,067	-	-	331,067
Reclassification between equity classes	-	-	-	-
Net assets transferred	(3,847)	-	-	(3,847)
Other equity adjustments	-	-	9,006	9,006
Balance at 30 June 2018	73,604	206,925	1,302,137	1,582,666

	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained surpluses \$'000	Total equity \$'000
Balance at 1 July 2018	73,604	206,925	1,302,137	1,582,666
Surplus for the year	-	-	632	632
Increase/(decrease) in asset revaluation surplus	-	22,611	-	22,611
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>22,611</b>	<b>632</b>	<b>23,243</b>
<i>Transactions with owners in their capacity as owners:</i>				
Equity injections	378,258	-	-	378,258
Equity withdrawals	(708,053)	-	-	(708,053)
HHS equity transfers*	389,250	-	-	389,250
Reclassification between equity classes	-	(3,732)	3,732	-
Net assets transferred to HHSs	(47,500)	-	-	(47,500)
Other equity adjustments**	-	-	8,671	8,671
<b>Balance at 30 June 2019</b>	<b>85,559</b>	<b>225,804</b>	<b>1,315,172</b>	<b>1,626,535</b>

### Significant accounting policies

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

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

\*\* Other equity adjustments (\$8.7M) represents a transaction related to an agreement with the Department of State Development, Manufacturing, Infrastructure and Planning and Queensland Treasury, regarding demolition works carried out on the former Gold Coast Hospital site.

The accompanying notes form part of these statements.

# Queensland Health

## Statement of cash flows

For the period ended 30 June 2019

	Note	2019 \$'000	Original Budget 2019 \$'000	2018 \$'000	Ref*	Actual vs budget variance \$'000
<b>Cash flows from operating activities</b>						
<i>Inflows</i>						
Appropriation revenue receipts	3	11,169,940	10,934,749	10,426,551	xiii.	235,191
User charges		1,770,229	1,903,246	1,562,614		(133,017)
Labour recoveries		2,193,354	2,158,880	2,038,106		34,474
Grants and other contributions		5,338,931	4,634,068	4,403,427	xiv.	704,863
GST collected from customers		26,219	15,044	24,110		11,175
GST input tax credits		234,658	167,844	222,333		66,814
Other revenue		26,746	22,684	28,629		4,062
Payroll loans and advances		5,766	-	20,044		5,766
<i>Outflows</i>						
Employee expenses		(3,657,500)	(3,688,281)	(3,460,939)		30,781
Supplies and services		(1,426,419)	(1,725,418)	(1,303,646)		298,999
Health services		(13,575,235)	(13,836,181)	(12,754,919)		260,946
Grants and subsidies		(57,853)	(77,404)	(68,444)		19,551
GST paid to suppliers		(232,794)	(157,036)	(229,094)		(75,758)
GST remitted		(25,732)	(15,044)	(24,831)		(10,688)
Other expenses		(144,062)	(153,065)	(148,780)		9,003
Cash recoupment from HHSs/(payments made on behalf of)		(26,345)	-	5,449		(26,345)
Net cash from/(used by) operating activities	25	1,619,903	184,086	740,610		1,435,817
<b>Cash flows from investing activities</b>						
<i>Inflows</i>						
Proceeds from sale of property, plant and equipment		9,848	3,402	27,262		6,446
Loans and advances		-	41,163	-		(41,163)
<i>Outflows</i>						
Payments for property, plant and equipment		(146,691)	(720,963)	(145,397)	xv.	574,272
Payments for intangibles		(68,892)	(93,113)	(87,399)	xvi.	24,221
Net cash from/(used by) investing activities		(205,735)	(769,510)	(205,534)		563,775
<b>Cash flows from financing activities</b>						
<i>Inflows</i>						
Equity injections		327,810	1,390,408	352,635	xvii.	(1,062,598)
<i>Outflows**</i>						
Equity withdrawals		(1,044,639)	(758,103)	(883,069)	xviii.	(286,536)
Net cash from/(used by) financing activities		(716,829)	632,305	(530,434)		(1,349,134)
Net increase/(decrease) in cash held		697,339	46,881	4,642		650,458
Cash and cash equivalents at the beginning of the financial year		295,481	226,821	290,839		68,660
<b>Cash and cash equivalents at the end of the financial year</b>	15	<b>992,820</b>	<b>273,702</b>	<b>295,481</b>		<b>719,118</b>

\* 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 3.

The accompanying notes form part of these statements.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Actual vs budget comparison

i. The \$724.1M variance in Appropriation revenue is mainly due to a change in unearned appropriation returned to Treasury of \$488.9M, which is treated as a reduction to revenue in the Budget but reflected as Other expense in the Actuals. The remainder of the variance is mainly due to the State funded appropriation increase of \$193.4M which is driven by a variety of funding decisions (including new funding and swaps as approved by Queensland Treasury throughout the year) as well as an increase in Commonwealth funded appropriation of \$41.8M which can be attributed to funding of the Adult Dental Program increased activity.

ii. The \$80.4M variance in User charges mostly relates to the growth in Fee for Service revenue recoveries from HHSs. This mainly includes variable levies charged for a new WAN telecommunications carriage of \$18.0M, increases in other computer and telecommunications related charges of \$17.5M, an increase in both price and demand for drugs of \$26.4M, higher than expected increases in laboratory, as well as an increase in outsourced service deliveries of \$24.3M that were not known at the time of the budget. This is partially offset by a decrease in QGIF premiums of \$6.7M, which were not as high as expected.

iii. The \$43.2M variance in Labour recoveries is mainly due to increases in non-prescribed HHS FTEs over the course of the year. FTEs increased by 660 from 2018 to 2019 as a result of changes in activities at these HHSs.

iv. The \$200.8M variance in Grants and other contributions is mainly due to the increased National Health Reform Agreement funding from the Commonwealth Government of \$63.2M, receipt of additional prior years' funding of \$105.3M that was not known at the time of the budget preparation and an increase in other grants of \$32.3M.

v. The \$413.4M variance in Health services is mainly due to the additional funding of \$302.7M provided to HHSs through in-year Service Agreement amendments to deliver additional activity in order to meet increased demand in hospital and health services

as well as the increased depreciation funding of \$55.3M and other grants.

vi. The \$696.7M variance in Other expenses is mainly due to the recognition of the unspent appropriation for 2018 -19 which is payable to Queensland Treasury and was not known at the time of the budget.

vii. The \$719.1M variance in Cash and cash equivalents is mainly due to payments received from Commonwealth in respect of prior years' funding of \$608.8M, which was not known at the time of budget preparation as well as an increase in other grants of \$53.2M and an increase in Own Source Revenue of \$16.6M.

viii. The \$15.0M variance in Assets held for sale is mainly due to the timing of settlement for sale of the former Gold Coast Hospital site, Lot 2. There was also recognition of the Biomedical Technology Services site being held for sale of \$8.0M, which is an outcome of land resumption by the State Government's Cross River Rail Delivery Authority.

ix. The \$11.2M variance in non-current Loans and receivables is mainly due to a reclassification of a portion of non-current payroll related receivables for overpayments to current receivables. This is part of an annual impairment assessment and was not known at the time of budget preparation.

x. The \$336.6M variance in Property, plant and equipment is mainly due to capital swaps of \$105.7M and capital deferrals of \$168.3M. This includes deferral of Health Technology Equipment Replacement of \$25.1M, hospital redevelopment projects of \$65.3M, emergency department projects of \$20.9M and Building Better Hospitals project of \$13.8M.

xi. The \$856.8M variance in Payables is mainly due to appropriations payable of \$698.8M, equity swaps of \$61.2M and HHS payables of \$69.8M, which were not known at the time of the budget.

xii. The \$479.8M variance in Total equity is mainly due to changes in the timing and nature of funding related to capital programs and operating expenses.

xiii. The \$235.2M variance in Appropriation revenue receipts is mainly due to the State funded appropriation increase of \$193.4M as well as an increase in Commonwealth funded appropriation of \$41.8M (refer to Appropriation revenue comment i. above).

xiv. The \$704.9M variance in Grants and other contributions is mainly due to payments received in respect of prior years' activities of \$608.8M, which was not known at the time of budget preparation.

xv. The \$574.3M variance for Property, plant and equipment is mainly due to changes in the timing (deferrals) and the nature of funding (swaps) provided for the Department's Capital Program (refer to PPE comment x. above).

xvi. The \$24.2M variance in Intangibles is mainly due to the timing of expenditure relating to the Financial Systems Renewal Project which was not known at the time of budget preparation.

xvii. The \$1.1B variance in Equity injections is mainly due to the difference in treatment of depreciation funding between budget and actuals. For the budget that treatment resulted in equity injection to the Department of \$731.3M, which offsets revenue in HHSs. The remaining variance of \$368.7M is mainly related to the timing and treatment of expenditure relating to capital programs, which were budgeted for as a capital expense.

xviii. The \$286.5M variance in Equity withdrawal is mainly due to larger than expected equity withdrawal of \$92.0M, which was in line with the Treasury cash funding profile. The remainder of the variance is mainly due to HHS non-appropriated equity transfers relating to capital reimbursement programs of \$330.2M.

*The accompanying notes form part of these statements.*



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

For the period ended 30 June 2019

	Acute Inpatient Care			Emergency Care			Mental Health 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		
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018	
	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	
Revenue																											
Appropriation revenue	5,258,039	4,995,851		1,102,943	1,003,938		1,097,174	970,608		1,467,480	1,261,033		453,989	414,871		1,605,342	1,443,298		673,840	615,488		-	-		11,658,807	10,705,087	
User charges	933,722	915,779		195,860	184,030		194,836	177,920		260,595	231,157		80,619	76,049		285,076	264,567		122,566	120,251		(85,700)	(83,640)		1,987,574	1,886,113	
Labour recoveries	1,054,025	1,011,723		221,096	203,310		219,939	196,561		294,171	255,375		91,006	84,017		321,807	292,287		-	-		-	-		2,202,044	2,043,273	
Grants and other contributions	2,311,500	2,293,003		484,867	460,788		482,332	445,491		645,123	578,790		199,580	190,418		774,895	725,268		15,107	17,821		-	-		4,913,404	4,711,579	
Other revenue	12,123	12,992		2,543	2,611		2,530	2,524		3,383	3,279		1,047	1,079		3,701	3,753		583	277		-	-		25,910	26,515	
Interest revenue	1,381	2,076		290	417		288	403		385	524		119	172		422	600		-	-		-	-		2,885	4,192	
Total Revenue	9,570,790	9,231,424		2,007,599	1,855,094		1,997,099	1,793,507		2,671,137	2,330,158		826,360	766,606		2,991,243	2,729,773		812,095	753,837		(85,700)	(83,640)		20,790,624	19,376,759	
Expenses																											
Employee expenses	1,538,214	1,465,954		327,543	303,356		292,962	264,833		386,377	338,155		114,633	106,036		449,886	409,879		611,712	560,150		-	-		3,721,327	3,448,363	
Supplies and services	816,618	782,291		175,256	163,943		147,731	136,655		193,080	172,953		55,757	52,890		244,035	224,326		150,112	140,318		(16,153)	(14,093)		1,766,436	1,659,283	
Health services	6,771,005	6,605,677		1,410,627	1,309,754		1,467,052	1,322,800		1,974,877	1,731,690		620,676	580,236		2,071,916	1,900,404		2,948	-		(69,547)	(69,547)		14,249,554	13,381,014	
Grants and subsidies	14,528	18,810		3,240	4,265		3,280	3,406		2,357	2,988		535	695		33,911	32,821		2	5,459		-	-		57,853	68,444	
Depreciation and amortisation	54,152	58,044		12,079	13,158		7,196	7,891		8,787	9,220		1,997	2,145		17,916	19,344		38,238	39,454		-	-		140,365	149,257	
Impairment losses	1,405	3,006		313	682		187	409		228	478		52	111		465	1,002		622	1,323		-	-		3,272	7,011	
Share of loss from associates	678	625		142	126		142	121		189	158		59	52		207	181		-	-		-	-		1,417	1,263	
Other expenses	407,960	329,363		85,482	66,312		85,594	63,677		114,667	82,683		35,566	27,127		114,051	87,080		6,448	4,375		-	-		849,768	660,617	
Total expenses	9,604,560	9,263,770		2,014,682	1,861,596		2,004,144	1,799,792		2,680,562	2,338,325		829,275	769,292		2,932,387	2,675,037		810,082	751,079		(85,700)	(83,640)		20,789,992	19,375,252	
(Deficit)/Surplus for the year	(33,770)	(32,346)		(7,083)	(6,502)		(7,045)	(6,285)		(9,425)	(8,167)		(2,915)	(2,686)		58,856	54,736		2,013	2,758		-	-		632	1,507	
Items that will not be reclassified subsequently to profit or loss																											
Increase/(decrease) in asset revaluation surplus	1,110	34,473		248	7,689		148	4,581		180	5,594		41	1,271		367	11,405		20,517	7,486		-	-		22,611	72,499	
Other comprehensive income	1,110	34,473		248	7,689		148	4,581		180	5,594		41	1,271		367	11,405		20,517	7,486		-	-		22,611	72,499	
Total comprehensive income	(32,660)	2,127		(6,835)	1,187		(6,897)	(1,704)		(9,245)	(2,573)		(2,874)	(1,415)		59,223	66,141		22,530	10,244		-	-		23,243	74,006	

The accompanying notes form part of these statements

Department of Health annual report 2018-19



## Statement of assets and liabilities by major departmental services

As at 30 June 2019

	Acute Inpatient Care			Emergency Care			Mental Health and Alcohol and Other Drug Services			Outpatient Care			Sub and Non-Acute Care			Prevention, Primary and Community Care			Ambulance Services			Inter Service/Unit Eliminations			Total Major Departmental Services		
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018		2019	2018	
	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	
<b>Current assets</b>																											
Cash and cash equivalents	444,590	119,417		93,259	23,997		92,771	23,201		124,082	30,143		38,387	9,917		135,739	34,500		63,992	54,306		-	-		992,820	295,481	
Loans and receivables	396,750	648,222		83,223	130,263		82,788	125,939		110,730	163,622		34,256	53,830		121,132	187,271		32,404	22,149		(15,266)	(6,990)		846,017	1,324,306	
Inventories	32,484	31,213		6,814	6,273		6,778	6,064		9,066	7,879		2,805	2,592		9,918	9,018		19	396		-	-		67,884	63,435	
Assets held for sale	3,829	4,466		803	898		799	868		1,069	1,128		331	371		1,169	1,291		-	-		-	-		8,000	9,022	
Prepayments	35,981	40,964		7,548	8,232		7,508	7,959		10,042	10,340		3,107	3,402		10,986	11,835		2,159	1,402		-	-		77,331	84,134	
<b>Total current assets</b>	<b>913,634</b>	<b>844,282</b>		<b>191,647</b>	<b>169,663</b>		<b>190,644</b>	<b>164,031</b>		<b>254,989</b>	<b>213,112</b>		<b>78,886</b>	<b>70,112</b>		<b>278,944</b>	<b>243,915</b>		<b>98,574</b>	<b>78,253</b>		<b>(15,266)</b>	<b>(6,990)</b>		<b>1,992,052</b>	<b>1,776,378</b>	
<b>Non-current assets</b>																											
Loans and receivables	24,548	33,574		5,150	6,747		5,123	6,523		6,862	8,475		2,120	2,788		7,495	9,699		-	-		-	-		51,288	67,805	
Interests in associates	35,920	37,858		7,534	7,608		7,495	7,355		10,025	9,556		3,101	3,144		10,966	10,937		-	-		-	-		75,041	76,458	
Property, plant and equipment	248,350	256,573		52,094	51,560		51,822	49,848		69,312	64,763		21,443	21,307		75,824	74,124		492,380	482,776		-	-		1,011,225	1,000,951	
Intangibles	159,006	151,554		33,353	30,455		33,179	29,444		44,377	38,255		13,729	12,585		48,546	43,784		8,739	2,393		-	-		340,929	308,470	
Other assets	1,564	1,469		328	295		327	285		437	371		135	122		478	424		19	-		-	-		3,288	2,966	
<b>Total non-current assets</b>	<b>489,388</b>	<b>481,028</b>		<b>98,459</b>	<b>96,665</b>		<b>97,946</b>	<b>93,455</b>		<b>131,003</b>	<b>121,420</b>		<b>40,528</b>	<b>39,946</b>		<b>143,309</b>	<b>138,968</b>		<b>501,138</b>	<b>485,169</b>		<b>-</b>	<b>-</b>		<b>1,481,771</b>	<b>1,456,650</b>	
<b>Total assets</b>	<b>1,383,022</b>	<b>1,325,310</b>		<b>290,106</b>	<b>266,328</b>		<b>288,590</b>	<b>257,486</b>		<b>385,992</b>	<b>334,532</b>		<b>119,414</b>	<b>110,058</b>		<b>422,253</b>	<b>382,883</b>		<b>599,712</b>	<b>563,422</b>		<b>(15,266)</b>	<b>(6,990)</b>		<b>3,473,823</b>	<b>3,233,028</b>	
<b>Current liabilities</b>																											
Payables	631,751	582,643		132,518	117,085		131,825	113,198		176,317	147,069		54,547	48,385		192,881	168,326		38,075	34,960		(15,266)	(6,990)		1,342,648	1,204,676	
Accrued employee benefits	223,014	203,659		46,780	40,926		46,535	39,568		62,241	51,407		19,255	16,912		68,089	58,837		33,434	28,565		-	-		499,348	439,874	
Unearned revenue	1,243	1,486		261	299		259	289		347	375		107	123		379	429		74	72		-	-		2,670	3,073	
<b>Total current liabilities</b>	<b>856,008</b>	<b>787,788</b>		<b>179,559</b>	<b>158,310</b>		<b>178,619</b>	<b>153,055</b>		<b>238,905</b>	<b>198,851</b>		<b>73,909</b>	<b>65,420</b>		<b>261,349</b>	<b>227,592</b>		<b>71,583</b>	<b>63,597</b>		<b>(15,266)</b>	<b>(6,990)</b>		<b>1,844,666</b>	<b>1,647,623</b>	
<b>Non-current liabilities</b>																											
Unearned revenue	1,256	1,355		263	273		262	264		350	342		108	113		383	392		-	-		-	-		2,622	2,739	
<b>Total non-current liabilities</b>	<b>1,256</b>	<b>1,355</b>		<b>263</b>	<b>273</b>		<b>262</b>	<b>264</b>		<b>350</b>	<b>342</b>		<b>108</b>	<b>113</b>		<b>383</b>	<b>392</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>2,622</b>	<b>2,739</b>	
<b>Total liabilities</b>	<b>857,264</b>	<b>789,143</b>		<b>179,822</b>	<b>158,583</b>		<b>178,881</b>	<b>153,319</b>		<b>239,255</b>	<b>199,193</b>		<b>74,017</b>	<b>65,533</b>		<b>261,732</b>	<b>227,984</b>		<b>71,583</b>	<b>63,597</b>		<b>(15,266)</b>	<b>(6,990)</b>		<b>1,847,288</b>	<b>1,650,362</b>	
<b>Net assets</b>	<b>525,758</b>	<b>536,167</b>		<b>110,284</b>	<b>107,745</b>		<b>109,709</b>	<b>104,167</b>		<b>146,737</b>	<b>135,339</b>		<b>45,397</b>	<b>44,525</b>		<b>160,521</b>	<b>154,899</b>		<b>528,129</b>	<b>499,825</b>		<b>-</b>	<b>-</b>		<b>1,626,535</b>	<b>1,582,666</b>	

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 to departmental services on the basis of the services they primarily support and 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 Queensland Health system. These reflect the Department's planning priorities as articulated in the *Department of Health Strategic Plan 2016-2020 (2018 update)* and support investment decision making based on the health continuum. The identity and purpose of each service is summarised as follows:

#### Acute Inpatient Care

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

#### Emergency Care

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

#### Mental Health and Alcohol and Other Drug Services

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

#### Outpatient Care

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

#### Sub and Non-Acute Care

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

#### Prevention, Primary and Community Care

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

#### Ambulance Services

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

### Note 1. Significant accounting policies

#### Statement of compliance

The financial statements are general purpose financial statements which have been prepared in compliance with section 42 of the *Financial and Performance Management Standard 2009* 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. Amounts are recorded at their historical cost, except where stated otherwise.

#### Services provided free of charge or for a nominal value

The Department provides corporate services to Hospital and Health Services (HHS) free of charge. This includes payroll, accounts payable and banking.

The fair value of these services to HHSs during 2018-2019 is estimated to be \$111.6M (\$111.3M in 2017-18) for payroll and \$7.5M (\$7.6M in 2017-18) for banking and accounts payable.

#### Goods and Services Tax and other similar taxes

Queensland 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.

#### 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
- Loans to other entities - held at amortised cost
- Payables - held at amortised cost

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

#### 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 to be 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:

Note 17 Loans and receivables (allowance for impairment and grants receivable)

Note 20 Property, plant and equipment (valuation).

### Note 1. Significant accounting policies (continued)

#### Future impact of accounting standards not yet effective

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 30 June 2019 reporting periods. The Department's assessment of the impact of these new standards and interpretations is set out below.

#### **AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*** **Year of Application 2019-20**

##### *Description*

These two standards supersede most of the current income recognition requirements for public sector Not-for-Profit entities (NFPs) currently contained in AASB 1004 *Contributions*. The limited scope of AASB 1004 is mainly applicable to parliamentary appropriations, administrative arrangements and contributions by owners.

Under AASB 15, revenue should be 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, the new model may result in a change in the timing and/or amount of revenue to be recognised. For example, 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).

Key to assessing the correct accounting treatment of grants revenue is the consideration of whether the contract is enforceable and if the performance obligations are sufficiently specific.

A key feature of AASB 1058 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.

##### *Mandatory application date*

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the Department when preparing the financial statements for 2019-20.

There has been a significant change in the requirements for the recognition and measurement of grant income. AASB 1058 *Income of Not-for-Profit Entities* is a new standard which provides requirements for income recognition by NFPs. Combined with the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, AASB 1058 is meant to simplify and clarify income recognition and measurement for NFPs.

##### *Impact*

The Department has performed a review of the impact of the application of AASB 15 and AASB 1058 and the results of this review are summarised below.

The Department assessed grant revenue, including the National Health Reform Agreement (NHRA), against the requirements of AASB 15 and AASB 1058. The assessment concluded that there are no changes to the current accounting treatment of grant revenue.

The Department has reviewed Licence Fee revenue separately from other revenue. Under the replaced Standard, AASB 118 *Revenue*, licence revenue was recognised as received in advance and then recognised in revenue over the life of the licence. Under AASB 15 the performance obligation is satisfied when the licence is issued. The change in the accounting treatment will not have a material impact on revenue recognition.

Own source revenue was also reviewed separately. The effect of the adoption of AASB 15 and AASB 1058 is insignificant.

#### **AASB 16 *Leases*** **Year of Application 2019-20**

##### *Description*

AASB 16 removes the distinction between operating and finance leases. Under the new standard, a lessee will recognise a right of use asset (the right to use the leased asset) and a financial liability to pay rentals. Depreciation and a finance expense will be recognised in profit or loss. AASB 16 exceptions include short-term and low-value leases. Exemption from AASB 16 is available where the lessor has substantive substitution rights over the asset. Where the lessor has substantive substitution rights, costs will be expensed as incurred without recognition of a right of use asset or a lease liability.

### Note 1. Significant Accounting Policies (continued)

### Future impact of accounting standards not yet effective (continued)

The Department intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The cumulative effect of applying the standard will be recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

#### *Mandatory application date*

This standard will first apply to the Department from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

#### *Impact*

The Department has performed a review of the impact of AASB 16 application and the results of this review are summarised below. The majority of lease contracts are held with the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program.

The Department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW 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 will continue to be expensed as supplies and services expenditure when incurred.

The Department has also been advised by Queensland Treasury and DHPW that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expenditure when incurred.

The review also highlighted occupancy leases with an associated entity. The Department acts as a lessor by sub-leasing a portion of the leased property. Under AASB 16 the Department will recognise transactions as both lessee and lessor. On initial application the Department will recognise approximately \$10.6M as a right of use asset, \$44.4M as a lease liability and \$33.8M as a lease receivable.

The Department is to recognise plant and equipment of approximately \$6.2M as a lease liability and right of use asset.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Department in the current or future reporting periods and on foreseeable future transactions.

### 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.

### Accounting standards applied for the first time

The only Australian Accounting Standard being applied for the first time in 2018-19 is AASB 9 *Financial Instruments*. An upfront impairment of trade receivables has been recognised by the Department according to the requirements of the new standard. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The Department's debt instruments comprise of receivables disclosed in Note 17. These were classified as Loans and receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost.

This has not resulted in a material change to the carrying value of the Department's receivable balances. State and Commonwealth Government receivables have not been impaired due to the low credit risk associated with such receivables.

### Note 2. Activities and other events

There were no material events after the reporting date of 30 June 2019 that have a bearing on the Department's operations, the results of those operations or these financial statements.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 3. Appropriation revenue

	2019 \$'000	2018 \$'000
<b>Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result</b>		
Budgeted appropriation revenue	10,934,749	10,319,023
Transfers (to)/from other departments	-	33,750
Transfers (to)/from other headings	235,191	73,778
Total appropriation receipts (cash)	11,169,940	10,426,551
Less: Opening balance appropriation revenue receivable	(96,542)	(95,420)
Add: Closing balance appropriation revenue receivable	77,084	96,542
Add: Opening balance appropriation revenue payable	508,325	277,414
Less: Closing balance appropriation revenue payable	(698,840)	(508,325)
<b>Net appropriation revenue</b>	<b>10,959,967</b>	<b>10,196,762</b>
Add: Deferred appropriation payable to Consolidated Fund (expense)	698,840	508,325
<b>Appropriation revenue for services recognised in the Statement of profit or loss and other comprehensive income</b>	<b>11,658,807</b>	<b>10,705,087</b>
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Reconciliation of payments from Consolidated Fund to equity adjustment</b>		
Budgeted equity adjustment appropriation	77,157	113,690
Transfers (to)/from other headings	(247,395)	(113,409)
Lapsed appropriation	(216,352)	(210,303)
Less: Opening balance appropriated equity injection receivable	(29,200)	(62,291)
Add: Closing balance appropriated equity injection receivable	39,823	29,200
Add: Opening balance appropriated equity withdrawal payable	107,412	96,909
Less: Closing balance appropriated equity withdrawal payable	(61,240)	(107,412)
<b>Equity adjustment recognised in contributed equity*</b>	<b>(329,795)</b>	<b>(253,616)</b>

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

### Significant accounting policies

Appropriations provided under the Appropriation Act 2018 are recognised as revenue when received, or as a receivable when approved by Queensland Treasury.

Unspent appropriation for 2018-19 amounted to \$411.0M (\$194.3M in 2017-18). Revenue appropriations are received on the basis of budget estimates and various activity-specific agreements.

The funding received may be more than 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.



## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 4. User charges

	2019 \$'000	2018 \$'000
Sale of goods and services	1,668,320	1,562,797
Hospital fees	310,355	312,917
Rental income	8,899	10,399
	<b>1,987,574</b>	<b>1,886,113</b>

#### Significant accounting policies

User charges and fees are recognised by the Department when delivery of the goods or services in full or part has occurred, in accordance with AASB 118 *Revenue*.

Hospital fees mainly consist of interstate patient revenue, Department of Veterans' Affairs revenue and Motor Accident Insurance Commission revenue. The sale of goods and services includes drugs, medical supplies, linen, pathology and other services provided to HHSs.

### Note 5. Labour recoveries

	2019 \$'000	2018 \$'000
Labour recoveries from non-prescribed Hospital and Health Services	2,202,044	2,043,273
	<b>2,202,044</b>	<b>2,043,273</b>

The Department provides employees to non-prescribed HHSs (HHSs not prescribed as employers under the *Hospital and Health Boards Act 2011*) to perform work 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.

### Note 6. Grants and other contributions

	2019 \$'000	2018 \$'000
Australian Government - National Health Funding Pool	4,772,568	4,571,599
Donations of inventory and non-current assets	70,415	62,821
Other grants and donations	70,421	77,159
	<b>4,913,404</b>	<b>4,711,579</b>

#### Significant accounting policies

Non-reciprocal grants, contributions, donations and gifts are recognised as revenue in the year in which the Department obtains control over them which is generally at the time of receipt. Where grants received are reciprocal in nature, revenue is recognised when services are delivered by the State, according to the terms of the funding agreements. Donated assets are recognised at their fair value.

### Note 7. Other revenue

	2019 \$'000	2018 \$'000
Recoveries and reimbursements	6,984	7,697
Grants returned	6,594	9,667
Licences and registration charges	5,053	4,611
Sale proceeds of non-capitalised assets	1,331	1,515
Net gains from disposal/transfer of non-current assets	1,824	2,142
Other	4,124	883
	<b>25,910</b>	<b>26,515</b>

### Note 8. Employee expenses

	2019 \$'000	2018 \$'000
Wages and salaries	2,940,372	2,732,245
Employer superannuation contributions	319,354	294,906
Annual leave levy	354,108	317,488
Long service leave levy	62,987	58,982
Redundancies	2,578	2,535
Workers' compensation premium	9,790	9,763
Other employee related expenses	32,138	32,444
	<b>3,721,327</b>	<b>3,448,363</b>

#### Significant accounting policies

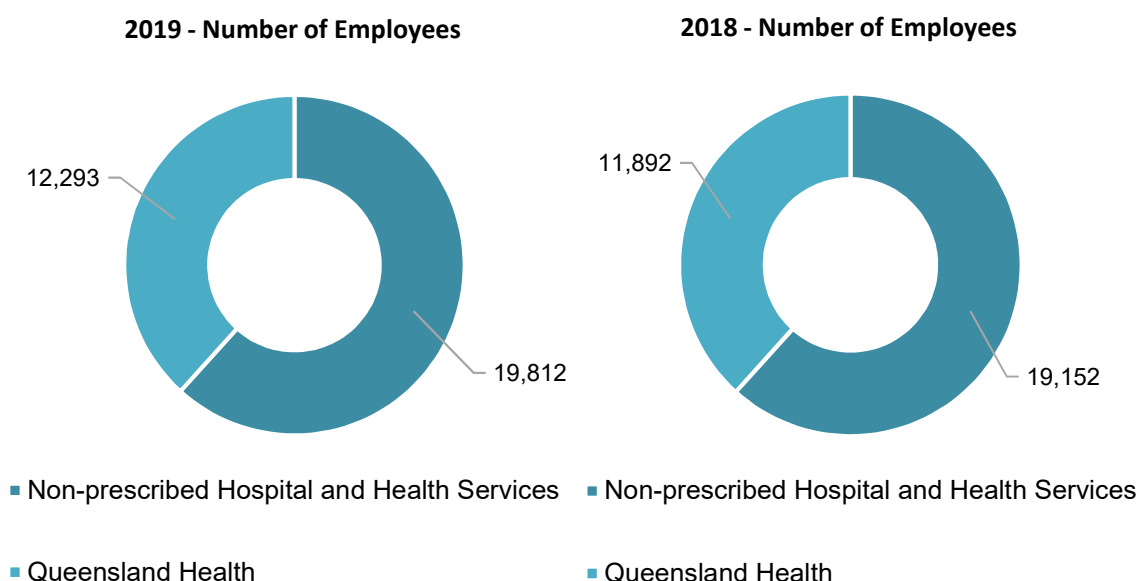
Under the Queensland Government's Annual leave and Long service leave central schemes, levies are payable by the Department to cover the cost of employee leave (including leave loading and on-costs). These levies are expensed in the period in which they are paid or payable. Amounts paid to employees 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.

### Note 8. Employee expenses (continued)

#### Significant accounting policies (continued)

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. 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.

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

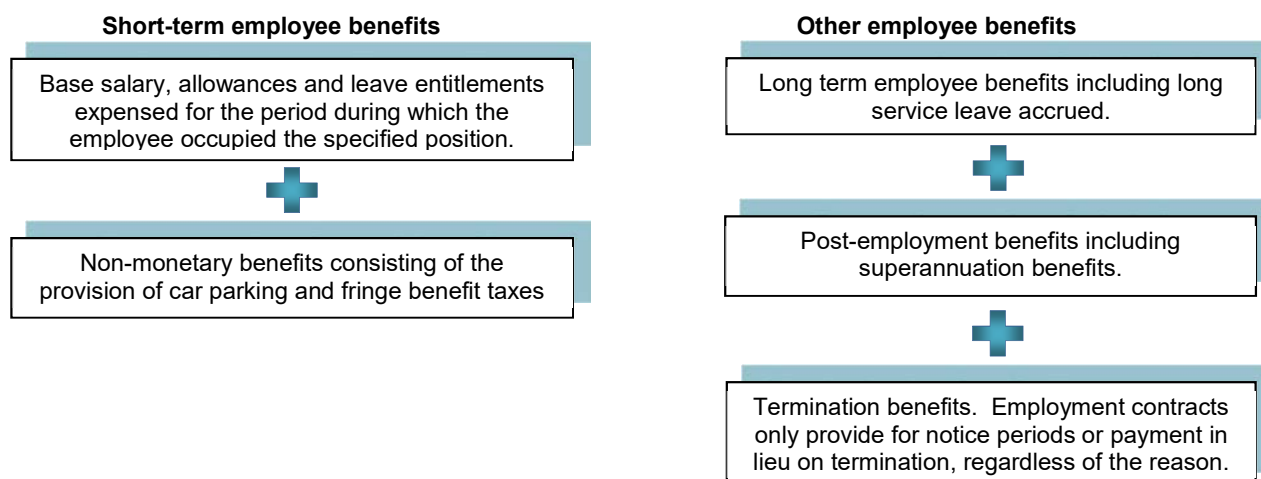


The number of employees includes full-time employees and part-time employees measured on a full-time equivalent basis as at 30 June 2019. Hospital and Health Service employees are those of the non-prescribed employer HHSs where the employees remain employees of the Department and are effectively contracted to the HHS.

### Note 9. Key management personnel disclosures

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

Remuneration policy for the Department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*, the *Hospital and Health Boards Act 2011* and the *Ambulance Service Act 1991*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance. For 2018-2019, the remuneration of most key management personnel did not increase and none of the key management personnel has a remuneration package that includes potential performance payments. Remuneration packages for key management personnel comprise of the following:





# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 9. 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			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Director-General, Queensland Health</b> 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 Hospital and Health Services. <b>Current:</b> Michael Walsh (6 July 2015 to current)	603	557	15	21	12	11	23	18	-	-	653	607
<b>Deputy Director-General, Corporate Services Division</b> Responsible for providing strategic leadership to deliver corporate and operational services, capital works, business enhancement and legal services both within the Department and, in certain circumstances, to the broader Queensland public health system. Further responsibilities include leading the Department's financial and human resource services, knowledge management, industrial relations and major capital infrastructure activities. <b>Current:</b> Barbara Phillips (6 March 2017 to current)	334	313	11	8	6	6	29	27	-	-	380	354
<b>Deputy Director-General, Clinical Excellence Queensland</b> 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. <b>Current:</b> Dr John Wakefield (4 January 2016 to current)	467	449	11	13	9	9	49	48	-	-	536	519
<b>Deputy Director-General, Healthcare Purchasing and System Performance Division</b> Responsibilities include purchasing of clinical activity from service providers and managing the performance of those service providers to achieve whole-of-system outcomes. <b>Current:</b> Nicholas Steele (31 August 2015 to current)	311	316	8	9	6	6	33	33	-	-	358	364
<b>Queensland Chief Health Officer and Deputy Director-General, Prevention Division</b> 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. <b>Current:</b> Dr Jeannette Young (6 July 2015 to current)	500	534	27	23	10	10	52	55	-	-	589	622
<b>Deputy Director-General, Strategy, Policy and Planning Division</b> Responsible for providing strategic leadership and direction to the activities of Queensland's health system through establishing the high-level policy agendas, overseeing system-wide planning processes and facilitating strategic reform initiatives. <b>Current:</b> Kathleen Forrester (2 November 2015 to current)	278	278	7	8	5	5	29	29	-	-	319	320

# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 9. 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			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Commissioner, Queensland Ambulance Services</b> Responsible and accountable for the strategic direction and overall operations of the Queensland Ambulance Service. <b>Current:</b> Russell Bowles (3 June 2011 to current)	393	316	8	8	8	7	43	37	-	-	453	368
<b>Chief Executive, Health Support Queensland</b> Responsible for managing the strategic functions relating to the Clinical and State-wide Service, Pathology, Medication, Radiology, Biomedical Technology and Forensic and Scientific Services and Queensland Blood Management. <b>Current:</b> Dr Peter Bristow (acting from 13 November 2017 to 18 March 2018, appointed from 19 March 2018 to current) <b>Former:</b> Gary Uhlmann (11 January 2016 to 17 November 2017)	509	323	9	4	10	6	51	32	-	-	579	365
	-	124	-	5	-	2	-	11	-	83	-	225
<b>Chief Executive, eHealth Qld</b> 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. <b>Current:</b> Bruce Linaker (Acting) (01 February 2019 to current) <b>Former:</b> Dr Richard Ashby (20 February 2017 to 31 January 2019)	100	-	7	-	2	-	9	-	-	-	118	-
	333	547	5	5	3	11	16	52	11	-	368	615
<b>Chief Aboriginal and Torres Strait Islander Officer</b> 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. <b>Current:</b> To be appointed*												
<b>Minister for Health and Minister for Ambulance Services**</b> The Department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of <i>AASB 124 Related Party Disclosures</i> . <b>Current:</b> Hon Dr Steven Miles (12 December 2017 to current) <b>Former:</b> Hon Cameron Dick (16 February 2015 to 11 December 2017)												
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

\* Chief Aboriginal and Torres Strait Islander Officer is a newly created position in the Department's executive structure and has not been filled as at 30 June 2019.

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

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 10. 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	Value \$'000		Nature of significant transactions
	2019	2018	
Consolidated Fund administered by Queensland Treasury on behalf of the Queensland Government	Refer Note 3		The Department receives appropriation revenue and equity injections as the primary ongoing sources of funding from Government for its services. As at 30 June 2019, there were outstanding balances for receivables and payables relating to these transactions.
Queensland Government Insurance Fund (QGIF)	Refer Note 14		The Department pays an annual insurance premium for a policy that covers the Department and HHSs. The policy provides a range of covers including property loss or damage, general liability, professional indemnity, health litigation and personal accident and illness.
WorkCover Queensland	Refer Note 8		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.
Cairns and Hinterland HHS	\$881,853	\$808,837	The Department procures health services from the HHSs. As at 30 June 2019, there were outstanding balances for receivables and payables relating to these transactions (refer Notes 17 and 22).
Central Queensland HHS	\$550,029	\$514,432	
Central West HHS	\$76,086	\$71,216	
Children's Health Queensland HHS	\$740,647	\$693,298	
Darling Downs HHS	\$716,457	\$664,868	
Gold Coast HHS	\$1,435,419	\$1,329,888	
Mackay HHS	\$405,815	\$372,752	
Metro North HHS	\$2,624,875	\$2,462,303	
Metro South HHS	\$2,245,460	\$2,135,839	
North West HHS	\$181,265	\$169,131	
South West HHS	\$138,078	\$130,997	
Sunshine Coast HHS	\$1,140,795	\$1,086,802	
Torres and Cape HHS	\$203,218	\$194,425	
Townsville HHS	\$925,487	\$864,402	
West Moreton HHS	\$608,424	\$549,295	
Wide Bay HHS	\$567,946	\$561,715	

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

- Cash recoupment for supplier and employee payments made on behalf of HHSs (refer Statement of cash flows).
- Charges for central services provided to HHSs such as pathology, ICT support, procurement and linen (refer Note 4).
- Services provided below fair value (refer Note 1).
- Labour recoveries related to non-prescribed HHSs (refer Note 5).

The Department receives services from the Department of Housing and Public Works (DHPW) and its commercialised business units. These mainly relate to office accommodation and facilities (leases), QFleet, shared services, repairs and maintenance and capital works. The value of these transactions during 2018-19 was \$114.2M (\$121.6M in 2017-18).

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 11. Supplies and services

	2019 \$'000	2018 \$'000
Drugs	473,023	461,369
Clinical supplies and services	484,074	461,147
Consultants and contractors	134,376	137,063
Expenses relating to capital works	23,372	31,784
Repairs and maintenance	166,498	147,928
Operating lease rentals	59,987	61,267
Computer services	150,408	119,435
Communications	56,697	58,091
Advertising	15,674	11,673
Catering and domestic supplies	10,883	9,638
Utilities	10,320	11,433
Motor vehicles and travel	28,583	23,718
Building services	8,216	7,907
Interstate transport levy	5,656	5,479
Other	138,669	111,352
	<b>1,766,436</b>	<b>1,659,283</b>

#### Significant accounting policies

Operating lease payments are recognised as an expense in the period in which they are incurred.

### Note 12. Health services

	2019 \$'000	2018 \$'000
Hospital and Health Services	13,377,709	12,547,994
Mater Hospitals	480,311	455,853
National Blood Authority	54,929	54,350
Aeromedical services	123,768	114,032
Mental health service providers	59,962	77,875
Other health service providers	152,875	130,910
	<b>14,249,554</b>	<b>13,381,014</b>

### Note 13. Grants and subsidies

	2019 \$'000	2018 \$'000
Medical research programs	29,105	26,553
Public hospital support services	15,261	27,226
Other services including community, home, rural and mental health	13,487	14,665
	<b>57,853</b>	<b>68,444</b>

### Note 14. Other expenses

	2019 \$'000	2018 \$'000
Deferred appropriation payable to Consolidated Fund	698,840	508,325
Insurance QGIF	119,945	117,833
Insurance other	2,496	2,220
Journals and subscriptions	11,310	10,127
Other legal costs	3,329	3,492
Audit fees*	1,480	1,496
Special payments**	1,040	4,553
Other	11,328	12,571
	<b>849,768</b>	<b>660,617</b>

#### 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 2018-19 include \$0.7M for financial statements audit (\$0.7M in 2017-18) and \$0.6M for the assurance engagement and other audits (\$0.6M in 2017-18).

\*\*In 2018-19, there were seven special payments exceeding \$5,000 (10 payments in 2017-18). These related to patient and other ex-gratia payments.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 15. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank	963,491	265,458
24-hour call deposits	9,329	10,023
Fixed rate deposit	20,000	20,000
	<u>992,820</u>	<u>295,481</u>

#### Significant accounting policies

Cash and cash equivalents includes 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 2018-19 the weighted average interest rate on the 24-hour call deposit was 2.39 per cent per annum (2.41 per cent per annum in 2017-18).

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 2018-19 the weighted average interest rate on this deposit was 2.08 per cent per annum (1.94 per cent per annum in 2017-18).

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 \$520.0M 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 17).

### Note 16. Restricted assets

	2019 \$'000	2018 \$'000
General trust	10,610	11,115
Clinical drug trials	442	106
	<u>11,052</u>	<u>11,221</u>

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 ring-fenced for stipulated purposes.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 17. Loans and receivables

	2019 \$'000	2018 \$'000
<b>Current</b>		
Trade receivables	418,509	382,360
Receivables from HHSs	26,345	28,259
Payroll receivables*	25,522	18,035
	<b>470,376</b>	<b>428,654</b>
Less: Pay date transitional loan fair value adjustment	(1,469)	(1,614)
Less: Allowance for impairment of receivables	(7,815)	(6,209)
	<b>(9,284)</b>	<b>(7,823)</b>
	<b>461,092</b>	<b>420,831</b>
GST input tax credits receivables	24,327	26,192
GST payable	(1,049)	(563)
	<b>23,278</b>	<b>25,629</b>
Appropriation receivable	116,907	125,742
Annual leave reimbursements	210,006	189,725
Grants receivable	-	503,496
Long service leave reimbursements	34,419	30,768
Loans to other entities	-	28,023
Other	315	92
	<b>846,017</b>	<b>1,324,306</b>
<b>Non-current</b>		
Payroll receivables*	80,150	93,403
Less: Pay date transitional loan fair value adjustment	(8,603)	(8,552)
Less: Allowance for impairment of receivables	(20,259)	(17,046)
	<b>51,288</b>	<b>67,805</b>
	<b>51,288</b>	<b>67,805</b>

#### Significant accounting policies

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

The pay date transitional loan was measured at fair value on initial recognition, calculated as the present value of the expected future cash flows over the estimated life of the loan, discounted using a risk-free effective interest rate of 3.05 per cent.

The loan is considered to be low risk of non-repayment as it is legislatively recoverable from recipients upon termination of their employment with the Department. The loan is expected to be fully recovered as individuals leave the Department and the majority of the balance remaining is expected to be recovered over the next 12 years.

Loans to other entities refer to an interest-free loan to Telstra relating to the relocation of the South Brisbane Telephone Exchange in connection with the development of the Queensland Children's Hospital. This loan was repaid within the current 2018-19 financial year.

\*Payroll receivables include amounts relating to pay date transitional loan, salary overpayments and interim cash payments. As at 30 June 2019, the Department held a pay date transitional loan of \$57.2M (\$62.2M in 2017-18) to provide a transitional loan equal to two weeks' net pay (of which \$4.8M is classified as current and \$52.4M is classified as non-current). As at 30 June 2019, the Department recognised \$45.9M (\$46.3M as at June 2018) relating to salary overpayments with \$18.1M classified as current and \$27.8M classified as non-current. Interim cash payments of \$2.6M (\$2.9M as at June 2018) have been recognised as at 30 June 2019.

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 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 2019. This data is consolidated, and a probability rate is calculated based on receivables moving into the next aging bracket. Based on average rates for the 5-year period, an expected credit loss calculation matrix is prepared.

Historical default rates are adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. In the absence of other debt collection indicators, which cannot be obtained without significant cost and effort, the change in the Australian consumer price index (CPI) is determined to be the most relevant forward-looking indicator for receivables. The credit loss rate is reviewed on an annual basis. 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 2019.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 17. Loans and receivables (continued)

Set out below is the Department's credit risk exposure with trade and other debtors broken down by aging band. The comparative disclosure for 2018 is made according to AASB 139 impairment rules, where receivables are assessed individually for impairment.

#### Credit risk exposure of loans and receivables

	Gross receivables 2019 \$'000	*Loss rate 2019 %	Expected credit losses 2019 \$'000	** Gross receivables 2018 \$'000	Receivables Impairment Allowance 2018 \$'000
<b>Aging</b>					
Not Due	1,338	3.94%	(53)	-	-
0 to 30 days	1,912	3.63%	(69)	2,808	-
31 to 60 days	684	8.12%	(56)	778	-
61 to 90 days	324	13.44%	(44)	501	-
91 to 120 days	328	33.34%	(109)	-	-
More than 120 days	2,190	88.76%	(1,944)	7,974	(1,581)
	<b>6,776</b>		<b>(2,274)</b>	<b>12,061</b>	<b>(1,581)</b>

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

\*\* Prior year Gross receivables are not comparable with the current year as they were not classified on the same basis and did not exclude low risk government debt.

#### 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 2019.

An allowance for impairment of \$28.1M (\$23.3M in 2017-18) 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 prepared annually.

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 2019 \$'000	Past Due but Not impaired 2018 \$'000	Impaired 2019 \$'000	Impaired 2018 \$'000
0 to 30 days	23,619	2,808	11,028	11,847
31 to 60 days	817	778	70	-
61 to 90 days	513	501	55	-
More than 90 days	1,931	6,393	16,922	11,409
	<b>26,880</b>	<b>10,480</b>	<b>28,074</b>	<b>23,256</b>

#### Movement in the allowance for impairment

	2019 \$'000	2018 \$'000
Opening balance	23,256	26,222
Increase/(Decrease) in impairment recognised	4,818	(2,966)
Closing balance	<b>28,074</b>	<b>23,256</b>



## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 18. Inventories

	2019 \$'000	2018 \$'000
Medical supplies and drugs	62,504	57,685
Less: Allowance for loss of service potential	(99)	-
	<b>62,405</b>	<b>57,685</b>
Engineering	2,857	2,694
Catering and domestic	1,564	1,954
Other	1,058	1,102
	<b>67,884</b>	<b>63,435</b>

#### Significant accounting policies

Inventories are measured at weighted average cost, adjusted for obsolescence, other than 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.

### Note 19. Assets held for sale

	2019 \$'000	2018 \$'000
Land	8,000	9,022
	<b>8,000</b>	<b>9,022</b>

#### Significant accounting policies

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is highly probable. According to AASB 5 Land and buildings held for sale are recorded at fair value.

Biomedical Technology Services site \$8.0M, to be acquired by the Cross River Rail Delivery Authority and will settle in late 2019.

Sale of lot 2, former Southport hospital site \$9.0M, settled this financial year.

### Note 20. Property, plant and equipment

2019	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	193,304	908,631	816,422	107,043	2,025,400
Less: Accumulated depreciation	-	(447,742)	(566,433)	-	(1,014,175)
<b>Carrying amount at end of period</b>	<b>193,304</b>	<b>460,889</b>	<b>249,989</b>	<b>107,043</b>	<b>1,011,225</b>
Categorisation of fair value hierarchy	Level 2	Level 2 & 3*			
<b>Movement</b>					
Carrying amount at start of period	202,000	435,337	268,535	95,079	1,000,951
Additions	1,791	96	40,057	104,747	146,691
Donations received	1,250	-	171	-	1,421
Donations made	-	-	(19)	-	(19)
Disposals	(110)	(17)	(776)	-	(903)
Revaluation increments/(decrements)	(11,230)	33,841	-	-	22,611
Transfers (to)/from HHSs	6,655	(42,578)	25	(13,353)	(49,251)
Transfers (to)/from intangibles	-	-	-	-	-
Transfers to assets held for sale	(8,000)	-	-	-	(8,000)
Stocktake adjustments	-	-	27	-	27
Transfers between classes	948	56,324	22,158	(79,430)	-
Write-off capital works in progress	-	-	-	-	-
Depreciation expense	-	(22,114)	(80,189)	-	(102,303)
<b>Carrying amount at end of period</b>	<b>193,304</b>	<b>460,889</b>	<b>249,989</b>	<b>107,043</b>	<b>1,011,225</b>

\* Carrying amount of level 2 buildings \$0.5M as at 30 June 2019 (\$0.5M in 2017-18).

# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 20. Property, plant and equipment (continued)

2018	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Gross	202,000	834,053	811,962	95,079	1,943,094
Less: Accumulated depreciation	-	(398,716)	(543,427)	-	(942,143)
<b>Carrying amount at end of period</b>	<b>202,000</b>	<b>435,337</b>	<b>268,535</b>	<b>95,079</b>	<b>1,000,951</b>
<i>Categorisation of fair value hierarchy</i>	<i>Level 2</i>	<i>Level 2 &amp; 3</i>			
<b>Movement</b>					
Carrying amount at start of period	190,550	343,169	285,874	89,354	908,947
Additions	-	1,310	28,882	115,205	145,397
Donations received	-	-	4	-	4
Disposals	(11,186)	104	(1,488)	-	(12,570)
Revaluation increments/(decrements)	(6,307)	78,807	-	-	72,500
Transfers (to)/from HHSs	9,133	(1)	364	(21,073)	(11,577)
Transfers (to)/from intangibles	-	-	40	(417)	(377)
Transfers to assets held for sale	9,423	-	-	-	9,423
Stocktake adjustments	-	-	92	-	92
Transfers between classes	10,387	32,611	44,992	(87,990)	-
Depreciation expense	-	(20,663)	(90,225)	-	(110,888)
<b>Carrying amount at end of period</b>	<b>202,000</b>	<b>435,337</b>	<b>268,535</b>	<b>95,079</b>	<b>1,000,951</b>

#### Significant accounting policies

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.

### Note 20. Property, plant and equipment (continued)

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 10 to 103 years; for plant and equipment the total useful life is between 1 and 42 years:

- 2 to 24 years for Computer, furniture & fittings
- 1 to 42 years for Medical equipment
- 1 to 22 years for Office equipment
- 5 to 36 years for Engineering and Other equipment
- 2 to 22 years for Vehicles

#### 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, 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 modern day equivalent asset, built to current standards and with modern materials.

The Department's land and buildings are independently and professionally valued by the State Valuation Service (qualified valuers) and AECOM

(qualified quantity surveyors) respectively. The Department also revalues significant, newly commissioned assets in the same manner to ensure that they are transferred to HHSs at fair value.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is expensed to the extent it exceeds the balance, if any, of the revaluation surplus. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

#### Impairment of non-current assets

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

#### 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 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 \$11.6M decrement (\$5.1M decrement in 2017-18) to the carrying amount of land. For land not subject to comprehensive valuations, indices of between 0.55 to 1.33 were applied, which were sourced from the State Valuation Services.

The Department recognises land valued at \$0.04M (\$0.04M in 2017-18) which is owned by third parties and leased to the Department under various agreements. The Department has restricted use of this land.

# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 20. Property, plant and equipment (continued)

#### Buildings

The Department recognises five heritage buildings held at gross value of \$3.9M (five buildings at gross value of \$3.8M in 2017-18). An independent revaluation of 484 buildings and site improvements was performed during 2018-19. For buildings not subject to independent revaluations during 2018-19, indices of between 1.02 and 1.03 were 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. The building valuations for 2018-19 resulted in a net increment to the building portfolio of \$36.7M (\$78.0M increment in 2017-2018).

#### 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 21. Intangibles

	Software purchased		Software generated		Software work in progress		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	121,889	121,105	456,258	439,406	151,537	107,411	729,684	667,922
Less: Accumulated amortisation	(97,252)	(91,045)	(291,503)	(268,407)	-	-	(388,755)	(359,452)
<b>Balance at 30 June</b>	<b>24,637</b>	<b>30,060</b>	<b>164,755</b>	<b>170,999</b>	<b>151,537</b>	<b>107,411</b>	<b>340,929</b>	<b>308,470</b>
<i>Represented by movements in carrying amount:</i>								
<b>Carrying value at 1 July</b>	<b>30,060</b>	<b>37,578</b>	<b>170,999</b>	<b>155,540</b>	<b>107,411</b>	<b>66,017</b>	<b>308,470</b>	<b>259,135</b>
Additions	316	1,243	340	(417)	68,236	86,573	68,892	87,399
Disposals	(120)	-	(1)	-	-	-	(121)	-
Transfers (to)/from property, plant & equipment	-	417	-	-	-	(40)	-	377
Transfers (to)/from HHSs	-	-	1,822	-	(72)	(72)	1,750	(72)
Transfers between classes	599	655	23,439	44,412	(24,038)	(45,067)	-	-
Write-off of software work in progress	-	-	-	-	-	-	-	-
Amortisation expense	(6,218)	(9,833)	(31,844)	(28,536)	-	-	(38,062)	(38,369)
<b>Balance at 30 June</b>	<b>24,637</b>	<b>30,060</b>	<b>164,755</b>	<b>170,999</b>	<b>151,537</b>	<b>107,411</b>	<b>340,929</b>	<b>308,470</b>

#### Significant accounting policies

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

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

### Note 22. Payables

	2019	2018
	\$'000	\$'000
Trade payables	388,050	359,781
Appropriations payable	760,080	615,737
Hospital and Health Service payables	69,777	125,733
PAYG withholdings	119,414	90,902
Other payables	5,327	12,523
	<b>1,342,648</b>	<b>1,204,676</b>

#### 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.

# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 23. Accrued employee benefits

	2019 \$'000	2018 \$'000
Salaries and wages accrued	146,324	131,091
Annual leave levy payable	287,438	248,656
Long service leave levy payable	55,973	51,262
Other employee entitlements payable	9,613	8,865
	<b>499,348</b>	<b>439,874</b>

### Significant accounting policies

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

### Note 24. Asset revaluation surplus

	Land 2019 \$'000	Land 2018 \$'000	Buildings 2019 \$'000	Buildings 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
Carrying amount at start of period	73,761	80,068	133,164	54,357	206,925	134,425
Asset revaluation increment/(decrement)	(11,230)	(6,307)	33,841	78,807	22,611	72,500
Asset revaluation transferred to retained surplus	(37)	-	(3,695)	-	(3,732)	-
<b>Carrying amount at end of period</b>	<b>62,494</b>	<b>73,761</b>	<b>163,310</b>	<b>133,164</b>	<b>225,804</b>	<b>206,925</b>

### Note 25. Reconciliation of surplus to net cash from operating activities

	2019 \$'000	2018 \$'000
Surplus for the year	632	1,507
Adjustments for:		
Depreciation and amortisation	140,365	149,257
Write off of non-current and other assets	6,639	3,879
Net (gain)/loss on disposal of non-current assets	(1,824)	-
Share of loss - associates	1,417	1,263
Impairment losses	3,272	7,011
Donated non-cash assets	(77,969)	(62,821)
Non-cash depreciation funding expense	731,322	653,438
Other non-cash items	4,079	18,143
Changes in assets and liabilities:		
(Increase)/decrease in loans and receivables	500,704	(330,597)
(Increase)/decrease in inventories	65,966	69,060
(Increase)/decrease in prepayments	6,481	(5,608)
Increase/(decrease) in payables	179,865	228,077
Increase/(decrease) in accrued employee benefits	59,474	8,687
Increase/(decrease) in unearned revenue	(520)	(686)
<b>Net cash from operating activities</b>	<b>1,619,903</b>	<b>740,610</b>

### Note 26. Contingencies

#### Guarantees

As at 30 June 2019 the Department held guarantees of \$6.8M (\$3.0M in 2017-18) 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 2019, the Department had 11 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.

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 27. Commitments to expenditure

Committed at reporting date but not recognised as liabilities, payable:

within 1 year

1 year to 5 years

more than 5 years

Capital 2019 \$'000	Capital 2018 \$'000	Lease - operating 2019 \$'000	Lease - operating 2018 \$'000
133,205	55,049	60,369	55,678
4,955	8,747	152,828	156,639
-	-	102,536	124,271
<b>138,160</b>	<b>63,796</b>	<b>315,733</b>	<b>336,588</b>

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 2 to 8 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 28. Interests in associates

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

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

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

The objectives of the TRI Trust are to maintain the Translational Research Institute Facility (TRI Facility); and 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 2018 to 30 June 2019, 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 2018. The information disclosed reflects the amounts presented in the financial statements of TRI and not the Department's share of those amounts. Where necessary, they have been amended to reflect adjustments made by the Department, including fair value adjustments and modifications for differences in accounting policy.

Entity name	Incorporated		Ownership interest
Translational Research Institute Pty Ltd (the Company)	Australia	12 June 2009	25 shares of \$1 per share (25% shareholding)
Translational Research Institute Trust (TRI Trust)	Australia	16 June 2009	25 units with equal voting rights (25% of voting rights)

Summarised statement of profit and loss and other comprehensive income

Revenue

Expenses

Surplus/(deficit)

Other comprehensive income

Total comprehensive income

The Department's share of total comprehensive income

2019 \$'000	2018 \$'000
29,695	29,534
(35,365)	(34,586)
(5,670)	(5,052)
-	-
(5,670)	(5,052)
(1,417)	(1,263)



# Queensland Health

## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 28. Interests in associates (continued)

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

	2019 \$'000	2018 \$'000
<i>Summarised statement of financial position</i>		
Current assets	82,637	77,820
Non-current assets	246,868	256,948
Total assets	329,505	334,768
Current liabilities	9,312	8,071
Non-current liabilities	20,024	20,858
Total liabilities	29,336	28,929
Net assets	300,169	305,839
The Department's share of net assets	75,041	76,458

### Note 29. 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 and the Queensland Mental Health Commission

	2019 \$'000	Original Budget 2019 \$'000	2018 \$'000	Ref	Actual vs budget variance \$'000
<b>Administered revenues</b>					
Administered item appropriation	30,948	18,744	73,779	i.	12,204
Taxes, fees and fines	73	-	190		73
Other revenue	-	4	-		(4)
Total administered revenues	31,021	18,748	73,969		12,273
<b>Administered expenses</b>					
Grants	30,948	18,748	71,401	i.	12,200
Borrowing costs	-	-	2,378		-
Other expenses	73	-	190		73
Total administered expenses	31,021	18,748	73,969		12,273
<b>Administered assets</b>					
<i>Current</i>					
Cash	3	4	9		(1)
Receivables	-	-	-		-
Total administered assets	3	4	9		(1)
<b>Administered liabilities</b>					
<i>Current</i>					
Payables	3	4	9		(1)
Other financial liabilities	-	-	-		-
Total administered liabilities	3	4	9		(1)

#### Actual vs budget comparison

i. The \$12.2M variance for Administered appropriation and Grants is a result of an in-year decision relating to the Office of the Health Ombudsman, which was not known at the time the budget was published.



## Notes to and forming part of the financial statements

For the period ended 30 June 2019

### Note 30. Reconciliation of payments from Consolidated Fund to administered revenue

	2019 \$'000	2018 \$'000
Budgeted appropriation	18,744	34,149
Transfers from (to)/from other headings	12,204	39,630
Administered revenue recognised in Note 29	<u>30,948</u>	<u>73,779</u>

# Queensland Health

## Management Certificate

For the period ended 30 June 2019

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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 2009* 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 Queensland Health (the Department) for the financial year ended 30 June 2019 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.8 and s.15 of the *Financial and Performance Management Standard 2009* 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 – Director General  
Queensland Health

Date 26/8/2019



Luan Sadikaj CPA – Chief Finance Officer  
Queensland Health

Date 26/8/19

## INDEPENDENT AUDITOR'S REPORT

To the Director-General of Queensland Health

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Health.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2019, 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 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 Director-General 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 2009 and Australian Accounting Standards, and for such internal control as the Director-General determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Director-General 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, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director-General 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**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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

27 August 2019



Brendan Worrall  
Auditor-General

Queensland Audit Office  
Brisbane