

**Section 63 of the *Financial Accountability Act 2009* requires all agencies to prepare annual reports for tabling in the Legislative Assembly.**

Annual reports are a key accountability document and the principal way agencies report on non-financial and financial performance.

The *Financial and Performance Management Standard 2009* mandates the disclosure of information detailed in the document *Annual report requirements for Queensland Government agencies* prepared by the Department of the Premier and Cabinet (DPC).

The Auditor-General notes that ‘annual reports support transparency and can drive continuous improvement in performance. Where annual reports incorporate relevant and reliable performance information, they increase trust and confidence in government service delivery’ (Auditor-General’s Report to Parliament No. 18 for 2013–14 p.12).

The Gold Coast Health 2017–18 Annual Report is delivered in accordance with the above requirements and is compliant with the annual report requirements for Queensland Government agencies. Requirements can be found at [www.forgov.qld.gov.au/manage-government-performance](http://www.forgov.qld.gov.au/manage-government-performance)

### General information

Gold Coast Hospital and Health Service (‘Gold Coast Health’) is a statutory body established under the *Hospital and Health Boards Act 2011* and its registered trading name is Gold Coast Hospital and Health Service.

The head office and principal place of business of Gold Coast Health is Gold Coast University Hospital, 1 Hospital Boulevard, Southport QLD 4215.

A description of the nature of Gold Coast Health’s operations and its principal activities is included in this Annual Report.

For information in relation to Gold Coast Health, please visit [www.goldcoast.health.qld.gov.au](http://www.goldcoast.health.qld.gov.au).



# Financial Statements

30 June 2018

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## Gold Coast Hospital and Health Service Statement of comprehensive income for the year ended 30 June 2018

|   | Note  | 2018<br>\$'000     | 2017<br>\$'000     |
|---|-------|--------------------|--------------------|
| <b>Revenue</b>  |       |                    |                    |
| Health service funding  | 5     | 1,325,796          | 1,234,756          |
| User charges and fees   | 6     | 101,484            | 92,938             |
| Grants and other contributions  | 7     | 18,732             | 19,439             |
| Other revenue   | 8     | 8,204              | 5,821              |
| Net revaluation increment   | 16    | 901                | 5,562              |
| <b>Total revenue</b>  |       | <b>1,455,117</b>   | <b>1,358,516</b>   |
| <b>Expenses</b>   |       |                    |                    |
| Employee expenses   | 9     | (971,856)          | (908,804)          |
| Supplies and services   | 10    | (387,446)          | (354,894)          |
| Grants and subsidies  |       | (715)              | (804)              |
| Depreciation and amortisation   | 16/17 | (78,649)           | (79,165)           |
| Impairment loss   | 11    | (1,308)            | (1,680)            |
| Other expenses  | 12    | (7,187)            | (6,763)            |
| <b>Total expenses</b>   |       | <b>(1,447,161)</b> | <b>(1,352,110)</b> |
| <b>Surplus for the year</b>   |       | <b>7,956</b>       | <b>6,406</b>       |
| Other comprehensive income for the year<br><i>Items that will not be reclassified subsequently to operating result:</i> |       |                    |                    |
| – Increase in asset revaluation surplus   | 16    | 47,543             | 36,521             |
| Total other comprehensive income  |       | 47,543             | 36,521             |
| <b>Total comprehensive income for the year</b>  |       | <b>55,499</b>      | <b>42,927</b>      |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## Gold Coast Hospital and Health Service Statement of financial position as at 30 June 2018

|                                  | Note | 2018<br>\$'000   | 2017<br>\$'000   |
|----------------------------------|------|------------------|------------------|
| <b>Assets</b>                    |      |                  |                  |
| <b>Current assets</b>            |      |                  |                  |
| Cash and cash equivalents        | 13   | 74,379           | 65,172           |
| Receivables                      | 14   | 42,748           | 28,136           |
| Inventories                      | 15   | 9,088            | 8,610            |
| Prepayments                      |      | 2,706            | 2,066            |
| <b>Total current assets</b>      |      | <b>128,921</b>   | <b>103,984</b>   |
| <b>Non-current assets</b>        |      |                  |                  |
| Property, plant and equipment    | 16   | 1,723,976        | 1,736,399        |
| Intangibles                      | 17   | 938              | 1,850            |
| <b>Total non-current assets</b>  |      | <b>1,724,914</b> | <b>1,738,249</b> |
| <b>Total assets</b>              |      | <b>1,853,835</b> | <b>1,842,233</b> |
| <b>Liabilities</b>               |      |                  |                  |
| <b>Current liabilities</b>       |      |                  |                  |
| Payables                         | 18   | 55,173           | 36,942           |
| Accrued employee benefits        | 19   | 39,793           | 35,743           |
| Unearned revenue                 | 20   | 2,541            | 4,948            |
| <b>Total current liabilities</b> |      | <b>97,507</b>    | <b>77,633</b>    |
| <b>Total liabilities</b>         |      | <b>97,507</b>    | <b>77,633</b>    |
| <b>Net assets</b>                |      | <b>1,756,328</b> | <b>1,764,600</b> |
| <b>Equity</b>                    |      |                  |                  |
| Contributed equity               |      | 1,616,134        | 1,679,905        |
| Accumulated surplus              |      | 23,975           | 16,019           |
| Asset revaluation surplus        | 16   | 116,219          | 68,676           |
| <b>Total equity</b>              |      | <b>1,756,328</b> | <b>1,764,600</b> |

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

## Gold Coast Hospital and Health Service Statement of changes in equity for the year ended 30 June 2018

|  | Note | Contributed<br>Equity<br>\$'000 | Accumulated<br>Surplus<br>\$'000 | Asset<br>Revaluation<br>Surplus<br>\$'000 | Total equity<br>\$'000 |
|--|------|---------------------------------|----------------------------------|---|------------------------|
| <b>Balance at 1 July 2016</b>                                |      | <b>1,745,761</b>                | <b>9,613</b>                     | <b>32,155</b>                             | <b>1,787,529</b>       |
| <b>Surplus for the year</b>                                  |      | -                               | 6,406                            | -   | 6,406                  |
| <i>Other comprehensive income for the year</i>               |      |                                 |                                  |   |                        |
| – Increase in asset revaluation surplus                      | 16   | -                               | -                                | 36,521                                    | 36,521                 |
| <b>Total comprehensive income for the year</b>               |      | -                               | <b>6,406</b>                     | <b>36,521</b>                             | <b>42,927</b>          |
| <i>Transactions with owners in their capacity as owners:</i> |      |                                 |                                  |   |                        |
| Equity injections  |      | 13,316                          | -                                | -   | 13,316                 |
| Net non-current asset transfers                              | 16   | (7)                             | -                                | -   | (7)                    |
| Equity withdrawals   |      | (79,165)                        | -                                | -   | (79,165)               |
| <b>Balance at 30 June 2017</b>                               |      | <b>1,679,905</b>                | <b>16,019</b>                    | <b>68,676</b>                             | <b>1,764,600</b>       |
| <b>Balance at 1 July 2017</b>                                |      | 1,679,905                       | 16,019                           | 68,676                                    | 1,764,600              |
| <b>Surplus for the year</b>                                  |      | -                               | 7,956                            | -   | 7,956                  |
| <i>Other comprehensive income for the year</i>               |      |                                 |                                  |   |                        |
| – Increase in asset revaluation surplus                      | 16   | -                               | -                                | 47,543                                    | 47,543                 |
| <b>Total comprehensive income for the year</b>               |      | -                               | <b>7,956</b>                     | <b>47,543</b>                             | <b>55,499</b>          |
| <i>Transactions with owners in their capacity as owners:</i> |      |                                 |                                  |   |                        |
| Equity injections  |      | 15,016                          | -                                | -   | 15,016                 |
| Net non-current asset transfers                              | 16   | (138)                           | -                                | -   | (138)                  |
| Equity withdrawals   |      | (78,649)                        | -                                | -   | (78,649)               |
| <b>Balance at 30 June 2018</b>                               |      | <b>1,616,134</b>                | <b>23,975</b>                    | <b>116,219</b>                            | <b>1,756,328</b>       |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Gold Coast Hospital and Health Service Statement of cash flows for the year ended 30 June 2018

|   | Note      | 2018<br>\$'000  | 2017<br>\$'000  |
|---|-----------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                       |           |                 |                 |
| Health service funding  |           | 1,243,569       | 1,153,633       |
| User charges and fees   |           | 96,912          | 89,535          |
| Grants and contributions  |           | 18,316          | 19,254          |
| GST collected from customers                                      |           | 1,988           | 1,562           |
| GST input tax credits from Australian Taxation Office             |           | 16,052          | 15,571          |
| Other operating cash inflows                                      |           | 7,832           | 5,685           |
| Employee expenses   |           | (967,805)       | (903,879)       |
| Supplies and services   |           | (375,295)       | (356,511)       |
| Grants and subsidies  |           | (715)           | (804)           |
| GST paid to suppliers   |           | (17,381)        | (15,485)        |
| GST remitted to Australian Taxation Office                        |           | (2,149)         | (1,323)         |
| Other operating cash outflows                                     |           | (6,719)         | (6,193)         |
| <b>Net cash from operating activities</b>                         | <b>13</b> | <b>14,605</b>   | <b>1,045</b>    |
| <b>Cash flows from investing activities</b>                       |           |                 |                 |
| Payments for property, plant and equipment                        |           | (17,098)        | (12,614)        |
| Proceeds from sale of property, plant and equipment               |           | 410             | 931             |
| <b>Net cash used in investing activities</b>                      |           | <b>(16,688)</b> | <b>(11,683)</b> |
| <b>Cash flows from financing activities</b>                       |           |                 |                 |
| Equity injections   |           | 11,290          | 13,316          |
| <b>Net cash from financing activities</b>                         |           | <b>11,290</b>   | <b>13,316</b>   |
| Net increase in cash and cash equivalents                         |           | 9,207           | 2,678           |
| Cash and cash equivalents at the beginning of the financial year  |           | 65,172          | 62,494          |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>13</b> | <b>74,379</b>   | <b>65,172</b>   |

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

# Gold Coast Hospital and Health Service

## Notes to the financial statements

### 30 June 2018

#### Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) The reporting entity

Gold Coast Health is established under the *Hospital and Health Boards Act 2011*. Gold Coast Health is an independent statutory body and a reporting entity, which is domiciled in Australia. Accountable to the Minister for Health and to the Queensland Parliament, it is primarily responsible for providing quality and safe public hospital and health services and for the direct management of the facilities within the Gold Coast region. The ultimate parent entity is the State of Queensland.

##### (b) Statement of compliance

Gold Coast Health has prepared these financial statements in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009 (Qld)*. The financial statements are authorised for issue by the Board Chair and Chief Executive at the date of signing the management certificate.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ended 30 June 2018, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, Gold Coast Health has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

Amounts in this report are in Australian dollars and have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

There were no material restatements of the comparative information. Immaterial reclassifications have occurred to ensure consistency with current period disclosures.

##### (c) Basis of preparation

Gold Coast Health has prepared these financial statements on a going concern basis, which assumes that Gold Coast Health will be able to meet the payment terms of its financial obligations as and when they fall due. Gold Coast Health is economically

dependent on funding received from its Service Agreement with the Department of Health ("the Department").

A Service Agreement Framework is in place to provide Gold Coast Health with a level of guidance regarding funding commitments and purchase activity for 2016-2017 to 2018-2019. The Board and management believe that the terms and conditions of its funding arrangements under the Service Agreement Framework will provide Gold Coast Health with sufficient cash resources to meet its financial obligations for at least the next year.

In addition to Gold Coast Health's funding arrangements under the Service Agreement Framework, Gold Coast Health has no intention to liquidate or to cease operations; and under section 18 of the *Hospital and Health Boards Act 2011*, Gold Coast Health represents the State of Queensland and has all the privileges and immunities of the State.

##### (d) Critical accounting estimates

The preparation of the financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant. Estimates and assumptions with the most significant effect on the financial statements are:

- Useful lives assessment – refer note 1(i)
- Land and building valuation assessment – refer note 1(j)

##### e) Health service funding

Health service funding is received as part of the Service Agreement between Gold Coast Health and the Department. The funding from the Department (excluding depreciation funding) is received in cash fortnightly in advance. Refer below for key types of funding and Gold Coast Health's revenue recognition policy.

##### Activity based funding (ABF)

ABF funding is provided according to the type and number of services purchased by the Department, based on a Queensland price for each type of service. ABF funding is received for acute inpatients, intensive care patients, subacute inpatients, emergency department presentations and outpatients. Revenue

is recognised based on purchased activity once delivered. Where actual activity exceeds purchased activity, additional funding is negotiated with the Department and accrued as an asset on the Statement of Financial Position where funding has been agreed to, but not yet received.

#### **Non-activity based funding**

Non-activity based funding is received for other services Gold Coast Health has agreed to provide per the Service Agreement with the Department. This funding has specific conditions attached that are not related to activity covered by ABF. This funding is recognised as revenue where the specific conditions have been met. Where conditions are not met, funding is renegotiated with the Department and may result in a deferral or return of revenue recognised as a liability on the Statement of Financial Position.

#### **Depreciation and amortisation funding**

The service agreement between the Department and Gold Coast Health specifies that the Department funds Gold Coast Health's depreciation and amortisation charges via non-cash revenue. The Department retains the cash to fund future major capital replacements. This transaction is shown in the Statement of Changes in Equity as a non-appropriated equity withdrawal.

#### **(f) User charges and fees**

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. Refer below for key types of user charges and revenue recognition policy.

#### **Hospital fees and related services/goods**

Hospital fees (mainly from private patients and patients' ineligible for Medicare) are recognised as revenue when the services/goods have been provided, and cash is received or the invoice is raised. Where inpatients have not been discharged and therefore not invoiced, revenue is accrued on the Statement of Financial Position to the extent of services/goods provided. Revenue is recognised net of discounts provided in accordance with approved policies.

#### **Granted private practice revenue**

This revenue relates in part to fees generated by bulk billing services performed by doctors with an assignment private practice arrangement with Gold Coast Health. These fees are recognised as revenue when cash has been received in the Gold Coast Health private practice trust account. In addition, service fees charged to doctors with a retention private practice arrangement with Gold Coast Health are recognised monthly based on a percentage of revenue which has

been received in cash in the Gold Coast Health private practice trust account. See note 26.

#### **Pharmaceutical Benefits Scheme**

Reimbursements from the federal government under the Pharmaceutical Benefits Scheme are recognised when the revenue is received or accrued where a reliable estimate of the value of eligible drugs that have been distributed and claimed can be made, but the cash has not yet been received.

#### **(g) Grants and contributions**

Grants and contributions received that are non-reciprocal in nature are recognised in the year in which Gold Coast Health obtains control over them.

Contributed services are recognised only when a fair value can be measured reliably and the services would have been purchased if they had not been donated. Gold Coast Health receives corporate services support from the Department for no cost. Corporate services received include payroll services and accounts payable services. An approximate value provided by the Department has been disclosed in Note 4.

#### **(h) Employee expenses**

Gold Coast Health is a prescribed employer and as a result, all employees are deemed to be Gold Coast Health employees and related costs are recognised as employee expenses. Gold Coast Health also holds the liabilities for rostered days off, nurses' professional development and purchased leave entitlements for these employees.

The Director-General, Department of Health, is responsible for setting terms and conditions for employment, including remuneration and classification structures, and for negotiating enterprise agreements.

#### **Classification of employee expenses**

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Recoveries of salaries and wages costs from Gold Coast Health employees working for other agencies are offset against employee expenses.

#### **Wages, Salaries and Sick Leave**

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position



## Note 1. Significant accounting policies (continued)

at the current salary rates. Unpaid entitlements are expected to be paid within 12 months and the liabilities are recognised at their undiscounted values.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

### Annual Leave, Long Service Leave and Other Leave

Gold Coast Health participates in the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme. Under the Annual Leave Central Scheme and Long Service Leave Central Scheme, a levy is made on Gold Coast Health to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the Schemes quarterly in arrears.

No provision for annual leave or long service leave is recognised as the liability is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Other leave relates to Rostered Days Off, Nurses Professional Development and Purchased leave entitlements. These liabilities are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the amounts expected to be paid when the liabilities are settled, and recognised at undiscounted values.

### Superannuation

Employer superannuation contributions are paid to the employees' superannuation fund at rates prescribed by the government. Contributions are expensed in the period in which they are paid or payable. Gold Coast Health's obligation is limited to its contributions. The superannuation schemes have defined benefit and contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

### (j) Depreciation of non-current assets

Property, plant and equipment is depreciated on a

straight-line basis. Intangibles are amortised on a straight-line basis. Annual depreciation is based on an assessment 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 as intended by management.

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

The estimated useful lives of assets are reviewed annually and where necessary, are adjusted to better reflect the pattern of future economic benefits. The useful lives could change significantly because of events such as:

- the asset is technically obsolete; or
- non-strategic assets that have been abandoned or sold.

For each class of depreciable asset, the following depreciation and amortisation rates are used:

|                               |            |
|-------------------------------|------------|
| Buildings                     | 2.5%–6.3%  |
| Plant and equipment           |            |
| Computer Hardware             | 10%–20%    |
| Engineering                   | 8.3%–10%   |
| Furniture and Fittings        | 5%–20%     |
| Office Equipment              | 5.9%–10%   |
| Medical equipment < \$200,000 | 8.3%–20.0% |
| Medical equipment > \$200,000 | 10%–12.5%  |
| Motor Vehicle                 | 7.7%–20%   |
| Intangible Assets             | 9.1%–50%   |

### (j) Revaluations of non-current assets

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

Gold Coast Health engage external valuers to determine fair value through either comprehensive

revaluations and/or the indexation of the assets not subject to comprehensive revaluations. Comprehensive revaluations are undertaken at least once every five years. However, if a particular asset class experiences significant volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset from one period to another, an analysis is undertaken by management with the external valuer. This analysis includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data. Detailed disclosure of fair value methodology and inputs is included in Note 16.

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

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. On revaluation, for assets valued using a cost valuation approach, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. On revaluation, for assets valued using a market approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for valuation.

#### **(k) Impairment of non-current assets**

All non-current assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value (excluding fair value at current replacement cost), for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 Fair Value Measurement. If an indicator of impairment exists, Gold Coast Health determines the

asset's recoverable amount (higher of value in use and fair value less costs to sell). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss and is accounted for as follows:

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

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

For assets measured at cost, impairment losses are reversed through income. For assets measured at fair value, to the extent the original decrease was expensed through the statement of comprehensive income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through asset revaluation surplus.

When an asset is measured at fair value, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

#### **(l) Cash and cash equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June.

#### **(m) Receivables**

Receivables comprise trade receivables, GST net receivables and other accrued revenue. Trade receivables are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provisions made for impairment. Increases in the allowance for impairment are based on loss events as disclosed in Note 14. All known bad debts are written off when identified.

## Note 1. Significant accounting policies (continued)

### (n) Inventories

Inventories consist mainly of pharmaceutical supplies and clinical supplies held in wards for use throughout the hospitals. Inventories are measured at the lower of cost and net realisable value based on periodic assessments for obsolescence. Where damaged or expired items have been identified, provisions are made for impairment. Refer Note 15.

Consignment stock is held but is not recognised as inventory as it remains the property of the supplier until consumption. Upon consumption it is expensed as clinical supplies.

### (o) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or more than the following thresholds are recognised for financial reporting purposes in the year of acquisition:

|                     |          |
|---------------------|----------|
| Buildings           | \$10,000 |
| Land                | \$1      |
| Plant and Equipment | \$5,000  |

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

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

### (p) Intangible assets

Intangible assets with a cost or fair value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed.

It has been determined that there is not an active market for any of Gold Coast Health's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses. Work in progress is for software developed in-house but not yet in use and will be amortised in the same way as purchased software.

### (q) Payables

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase or contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 to 60 day terms.

### (r) Financial Instruments

#### Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Gold Coast Health becomes party to the contractual provisions of the financial instrument.

#### Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value
- Receivables – held at amortised cost
- Payables – held at amortised cost

Gold Coast Health does not enter into derivative and other financial instrument transactions for speculative purposes nor for hedging. Apart from cash and cash equivalents, Gold Coast Health holds no financial assets classified at fair value through profit and loss. All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 21.

### (s) Taxation

Gold Coast Health is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). All Queensland Hospital and Health Services and the Department are grouped for the purposes of Section 149-25 *A New Tax System (Goods and Services Tax) Act 1999*.

All transactions made between the entities in the tax group do not attract GST, and all transactions external to the group are required to be accounted for GST where applicable. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised.

### (t) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

### (u) Trust transactions and balances

Gold Coast Health manages patient trust accounts transactions (fiduciary funds) as trustee. As Gold Coast Health acts only in a custodial role in respect of these transactions and balances, they are not

recognised in the financial statements. Trust activities are included in the annual audit performed by the Auditor-General of Queensland and disclosed in Note 25.

**(v) Private practice arrangements**

Gold Coast Health administers the Private Practice arrangements. As Gold Coast Health acts only in an agency role in respect of these transactions and balances, they are not recognised in the financial statements. Fees collected under the scheme must be deposited initially into the private practice bank accounts and later distributed in accordance with the policy governing the private practice scheme. Private Practice funds are not controlled but the activities are included in the annual audit performed by the Auditor-General of Queensland and disclosed in Note 26.

**(w) New, revised or amending Accounting Standards and Interpretations adopted**

The below summarises the relevant Australian Accounting Standards amendments which have been adopted for the 2017-2018 year.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating assets held by NFP entities. This amendment has not changed any reported amounts. References to the Depreciated Replacement Costs have been replaced with Current Replacement Cost in line with these amendments.

**(x) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by Gold Coast Health. Gold Coast Health’s assessment of the impact of these new or amended Accounting Standards and Interpretations where applicable, are set out below.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply in Gold Coast Health’s financial statements from 2019-2020. AASB 15 Revenue from Contracts requires much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of Gold Coast Health’s goods and services, such that some revenue may need to be

deferred to a later reporting period to the extent that the service has not met its associated obligations. Further, under the new standards, grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific.

Gold Coast Health has commenced analysing the new revenue recognition requirements under these standards, but is yet to form conclusions about significant impacts. The main contract requiring review is the Service Agreement with the Department.

Gold Coast Health plans to adopt these standards using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application. As a result, Gold Coast Health will not apply the requirements of these standards to the comparative period presented.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on Gold Coast Health are that they will change the requirements for the classification, measurement, impairment and disclosures associated with financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The most likely impacts are expected to relate to the credit risk of financial assets subject to impairment. Gold Coast Health’s receivables do not include a significant financing component and therefore impairment losses will be determined according to the amount of lifetime expected credit losses. As Gold Coast Health’s receivables are short-term in nature, it is not expected that there will be a material impact. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. Gold Coast Health will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.

Gold Coast Health will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to

## Note 1. Significant accounting policies (continued)

classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of this standard will generally be recognised in retained earnings in the transition year.

### AASB 16 Leases

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.

AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a ‘cumulative approach’ rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury’s policy, Gold Coast Health will apply the ‘cumulative approach’, and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

Approximately 99% of Gold Coast Health’s operating lease commitments comprise arrangements with other

Queensland Government agencies (i.e. internal-to-Government leases). The remaining 1% of operating lease commitments are with lessors external to Government. These commitments are disclosed in Note 23.

Gold Coast Health’s leases with internal-to-Government lessors are primarily for office accommodation through the Queensland Government Accommodation Office and motor vehicle leases with QFleet. Considering their operation and impact across the whole-of-Government, Gold Coast Health is currently awaiting formal guidance from Queensland Treasury as to whether these arrangements should be accounted for on-balance sheet under AASB 16.

Gold Coast Health has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases.

### AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to Gold Coast Health’s financial statements in 2019-2020 financial year. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

Gold Coast Health has performed an analysis which suggests that no arrangements will fall inside the scope of AASB 1059 as the assets do not provide public services.

## Note 2. Budget vs Actual Comparison

This note provides an explanation for major variances between the original budget and actual performance for 2017-2018. An explanation has also been provided for health service funding revenue due to its significance.

The original budget is the budget in the Queensland Health Service Delivery Statement which was published prior to the completion of negotiations on the service agreement with the Department of Health.

### Statement of Comprehensive Income

|   | Variance<br>Notes | Original<br>Budget 2018<br>\$'000 | Actual 2018<br>\$'000 | Variance<br>\$'000 |
|---|-------------------|-----------------------------------|-----------------------|--------------------|
| <b>Revenue</b>  |                   |                                   |                       |                    |
| Health service funding  | A                 | 1,292,723                         | 1,325,796             | 33,073             |
| User charges and fees   | B                 | 77,733                            | 101,484               | 23,751             |
| Grants and other contributions  | C                 | 16,853                            | 18,732                | 1,879              |
| Other revenue   | B                 | 3,395                             | 8,204                 | 4,809              |
| Net revaluation increment   | F                 | -                                 | 901                   | 901                |
| <b>Total revenue</b>  |                   | <b>1,390,704</b>                  | <b>1,455,117</b>      | <b>64,413</b>      |
| <b>Expenses</b>   |                   |                                   |                       |                    |
| Employee expenses   | D                 | (946,522)                         | (971,856)             | (25,334)           |
| Supplies and services   | E                 | (357,630)                         | (387,446)             | (29,816)           |
| Grants and subsidies  |                   | (1,323)                           | (715)                 | 608                |
| Depreciation and amortisation   |                   | (80,794)                          | (78,649)              | 2,145              |
| Impairment loss   |                   | (1,185)                           | (1,308)               | (123)              |
| Other expenses  |                   | (3,250)                           | (7,187)               | (3,937)            |
| <b>Total expenses</b>   |                   | <b>(1,390,704)</b>                | <b>(1,447,161)</b>    | <b>(56,457)</b>    |
| <b>Surplus for the year</b>   |                   | <b>-</b>                          | <b>7,956</b>          | <b>7,956</b>       |
| Other comprehensive income for the year<br><i>Items that will not be reclassified subsequently to operating result:</i> |                   |                                   |                       |                    |
| – Increase in asset revaluation surplus   | F                 | 54,336                            | 47,543                | (6,793)            |
| Total other comprehensive income  |                   | 54,336                            | 47,543                | (6,793)            |
| <b>Total comprehensive income for the year</b>  |                   | <b>54,336</b>                     | <b>55,499</b>         | <b>1,163</b>       |

## Note 2. Budget vs Actual Comparison (continued)

### Statement of Financial Position

|                                  | Variance<br>Notes | Original<br>Budget 2018<br>\$'000 | Actual 2018<br>\$'000 | Variance<br>\$'000 |
|----------------------------------|-------------------|-----------------------------------|-----------------------|--------------------|
| <b>Assets</b>                    |                   |                                   |                       |                    |
| <b>Current assets</b>            |                   |                                   |                       |                    |
| Cash and cash equivalents        | G                 | 65,353                            | 74,379                | 9,026              |
| Receivables                      | H                 | 21,785                            | 42,748                | 20,963             |
| Inventories                      |                   | 8,295                             | 9,088                 | 793                |
| Prepayments                      |                   | 1,983                             | 2,706                 | 723                |
| <b>Total current assets</b>      |                   | <b>97,416</b>                     | <b>128,921</b>        | <b>31,505</b>      |
| <b>Non-current assets</b>        |                   |                                   |                       |                    |
| Property, plant and equipment    |                   | 1,735,276                         | 1,723,976             | (11,300)           |
| Intangibles                      |                   | 1,510                             | 938                   | (572)              |
| <b>Total non-current assets</b>  |                   | <b>1,736,786</b>                  | <b>1,724,914</b>      | <b>(11,872)</b>    |
| <b>Total assets</b>              |                   | <b>1,834,202</b>                  | <b>1,853,835</b>      | <b>19,633</b>      |
| <b>Liabilities</b>               |                   |                                   |                       |                    |
| <b>Current Liabilities</b>       |                   |                                   |                       |                    |
| Payables                         | I                 | 42,637                            | 55,173                | 12,536             |
| Accrued employee benefits        | J                 | 30,830                            | 39,793                | 8,963              |
| Unearned revenue                 |                   | 1,132                             | 2,541                 | 1,409              |
| <b>Total current liabilities</b> |                   | <b>74,599</b>                     | <b>97,507</b>         | <b>22,908</b>      |
| <b>Net assets</b>                |                   | <b>1,759,603</b>                  | <b>1,756,328</b>      | <b>(3,275)</b>     |
| <b>Total equity</b>              |                   | <b>1,759,603</b>                  | <b>1,756,328</b>      | <b>(3,275)</b>     |

## Statement of cash flows

|   | Variance<br>Notes | Original<br>Budget 2018<br>\$'000 | Actual 2018<br>\$'000 | Variance<br>\$'000 |
|---|-------------------|-----------------------------------|-----------------------|--------------------|
| <b>Cash flows from operating activities</b>                       |                   |                                   |                       |                    |
| Health service funding  | A                 | 1,211,929                         | 1,243,569             | 31,640             |
| User charges and fees   | B                 | 76,432                            | 96,912                | 20,480             |
| Grants and contributions  | C                 | 16,853                            | 18,316                | 1,463              |
| GST collected from customers                                      | M                 | -                                 | 1,988                 | 1,988              |
| GST input tax credits from Australian Taxation Office             | M                 | 8,050                             | 16,052                | 8,002              |
| Other operating cash inflows                                      | B                 | 3,395                             | 7,832                 | 4,437              |
| Employee expenses   |                   |                                   |                       |                    |
| Supplies and services   | D                 | (946,516)                         | (967,805)             | (21,289)           |
| Grants and subsidies  | E                 | (355,598)                         | (375,295)             | (19,697)           |
| GST paid to suppliers   |                   | (1,323)                           | (715)                 | 608                |
| GST remitted to Australian Taxation Office                        | M                 | (8,055)                           | (17,381)              | (9,326)            |
| Other operating cash outflows                                     | M                 | -                                 | (2,149)               | (2,149)            |
|   |                   | (3,250)                           | (6,719)               | (3,469)            |
| <b>Net cash from operating activities</b>                         |                   | <b>1,917</b>                      | <b>14,605</b>         | <b>12,688</b>      |
| <b>Cash flows from investing activities</b>                       |                   |                                   |                       |                    |
| Payments for property, plant and equipment                        | L                 | (4,496)                           | (17,098)              | 12,602             |
| Proceeds from sale of property, plant and equipment               |                   | (85)                              | 410                   | 495                |
| <b>Net cash used in investing activities</b>                      |                   | <b>(4,581)</b>                    | <b>(16,688)</b>       | <b>(12,107)</b>    |
| <b>Cash flows from financing activities</b>                       |                   |                                   |                       |                    |
| Equity injection  | K                 | 4,496                             | 11,290                | 6,794              |
| <b>Net cash from financing activities</b>                         |                   | <b>4,496</b>                      | <b>11,290</b>         | <b>6,794</b>       |
| Net increase in cash and cash equivalents                         |                   | 1,832                             | 9,207                 | 7,375              |
| Cash and cash equivalents at the beginning of the financial year  |                   | 63,521                            | 65,172                | 1,651              |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>G</b>          | <b>65,353</b>                     | <b>74,379</b>         | <b>9,026</b>       |



## Note 2. Budget vs Actual Comparison (continued)

### Explanations of major variances

#### A. Health service funding variance

Health service funding revenue has increased by \$33.0m due to additional patient activity (estimated actual weighted activity units are 224,179 compared with budgeted activity of 222,982). Additional funding compared to budget also relates to specific funding for models of care and enterprise bargaining adjustments. This caused the corresponding increase in statement of cash flows of \$31.6m.

#### B. User charges and fees variance

The combined user charges revenue and other revenue is higher than budget by \$28.6m. Additional patient activity led to additional revenue from chargeable services. There was also an increase by \$7.2m relating to PBS revenue predominantly for cancer services due to higher patient activity levels. The budget does not include project recoveries of \$2.6m. These factors caused the corresponding combined increase in the statement of cash flows of \$24.9m.

#### C. Grants and contributions variance

Grants revenue of \$18.7m aligns to the funding agreements negotiated by Gold Coast Health with various State and Commonwealth government bodies for 2017–18. The difference to budget relates to donations received into Private Practice Trust Fund. This also caused the corresponding increase in statement of cash flows of \$1.5m.

#### D. Employee expenses variance

Employee expenses is \$25.3m higher than budget due to the additional staff required to service the growth in demand for healthcare services. The average number of full time equivalent staff for 2017–18 is 7,637 compared to budget of 7,482. This also caused the corresponding increase in statement of cash flows of \$21.3m.

#### E. Supplies and services variance

Supplies and services is \$29.8m higher than budget due to increased use of external contractors (mainly nursing staff) (\$6.4m over budget) to meet the growth in demand for healthcare services, increased repairs and maintenance costs (\$5.8m over budget) to meet service level expectations, and \$9.7m increase for drugs and \$7.5m for clinical supplies and pathology related to higher activity. This also caused the corresponding increase in statement of cash flows of \$19.7m.

#### F. Net revaluation increment variance

The net revaluation increment totalling \$48.4m (\$0.9m in revenue and \$47.5m in other comprehensive income) is a result of land and

building revaluation programs. The impact of revaluations is different to the budgeted movement of \$54.3m due to the unforeseen nature of market forces affecting revaluation calculations. The budget assumed the full impact would increase the asset revaluation surplus, resulting in a variance in other comprehensive income and asset revaluation surplus.

#### G. Cash and cash equivalents variance

The cash balance fluctuates due to the timing of receivables and payables. Refer to cash flow notes for more information.

#### H. Receivables variance

The receivables balance is higher than budget by \$20.9m. The majority of this variance is caused by the unforeseeable nature of final amendments to funding in the Service Agreement with the Department.

#### I. Payables variance

The payables balance is higher than budget by \$12.5m. \$6.1m is due to the unforeseeable nature of final amendments to funding in the Service Agreement with the Department. The remaining variance is due to a difference in the assumed impact of timing of payments to suppliers at the time of preparing the budget.

#### J. Accrued employee benefits variance

The variance to budget of accrued employee benefits is \$8.9 million and is due primarily to the impact of increased employee expenses (refer note D) and timing of payroll payment run.

#### K. Equity injection variance

The 2017-18 equity injection of \$15m (\$10.7m cash, \$4.3m receivable) reflects the Department of Health capital funding connected with the replacement of critical medical equipment. This increased by \$6.7m compared to budget due to the increased capital requirements arising from provision of new and/or expanded health care services.

#### L. Payments for property plant and equipment variance

Payments for property, plant and equipment (\$17m) predominantly reflects the expenditure of the equity injection funding of \$15m (\$10.7m cash, \$4.3m receivable) (see note K). The remaining payments for property, plant and equipment were funded directly from cash (minor capital funding or retained earnings).

#### M. GST variance

Per Queensland Treasury Financial Reporting Requirements, GST inflows and outflows are reported separately in the financial statements. The net impact of the GST variance in the cash flow is only \$1.4m, and reflects the GST value on actual transactions.

### Note 3. Key Management Personnel

The following details for key management personnel include those positions that had the authority and responsibility for planning, directing and controlling the major activities of the Gold Coast Health.

#### Minister

The responsible minister is identified as part of Gold Coast Health Key Management Personnel. The Honourable Dr Steven Miles was appointed the Minister for Health and the Minister for Ambulance Services on 12 December 2017 (previously Honourable Cameron Dick). No associated remuneration figures will be disclosed for the Minister, as Gold Coast Health does not provide the Minister's remuneration.

#### Board

The Board members of Gold Coast Health as at 30 June 2018 and their positions are outlined below.

| Name and position of current incumbents | Appointment authority     | Appointment date                    |
|---|---------------------------|-------------------------------------|
| Board Chair – Mr Ian Langdon            | Section 25(1)(a), HHB Act | 01/07/2012 (Reappointed 18/05/2016) |
| Deputy Board Chair – Ms Teresa Dyson    | Section 23, HHB Act       | 18/05/2016                          |
| Board Member – Ms Colette McCool        | Section 23, HHB Act       | 01/07/2012 (Reappointed 18/05/2018) |
| Board Member – Dr Andrew Weissenberger  | Section 23, HHB Act       | 01/09/2012 (Reappointed 18/05/2018) |
| Board Member – Dr Cherrell Hirst        | Section 23, HHB Act       | 17/05/2014 (Reappointed 18/05/2018) |
| Board Member – Mr Robert Buker          | Section 23, HHB Act       | 18/05/2016 (Reappointed 17/05/2017) |
| Board Member – Professor Helen Chenery  | Section 23, HHB Act       | 18/05/2016 (Reappointed 17/05/2017) |
| Board Member – Professor Judy Searle    | Section 23, HHB Act       | 18/05/2016 (Reappointed 17/05/2017) |
| Board Member – Michael Kinnane          | Section 23, HHB Act       | 18/05/2018                          |

Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

### Note 3. Key Management Personnel (continued)

#### Executives

The Key Management Personnel – Executive level includes those positions that have responsibility for planning, directing and controlling the agency as a whole. Each member holds responsibility for their division’s financial, operational and clinical (if applicable) performance.

| Name and position of current incumbents   | Contract classification and appointment authority                    | Appointment date                       |
|---|--|--|
| Chief Executive – Mr Ron Calvert  | SESL Contract – Section 33, HHB Act.                                 | 01/10/2012<br>(reappointed 20/06/2016) |
| Chief Operations Officer – Ms Kimberley Pierce  | HES3 Contract – Section 67, HHB Act.                                 | 15/08/2016                             |
| Chief Finance Officer – Mr Ian Moody  | HES3 Contract – Section 67, HHB Act.                                 | 04/12/2013<br>(reappointed 04/12/2016) |
| Executive Director, Clinical Governance, Education and Research – Professor Marianne Vonau          | Medical Officer (Queensland Health) Certified Agreement (No. 4) 2015 | 01/09/2014                             |
| Executive Director, Digital Transformation Services and Chief Information Officer – Mr Damian Green | HES3 Contract – Section 67, HHB Act.                                 | 07/01/2013<br>(reappointed 27/06/2018) |
| Executive Director, People and Corporate Services – Ms Hannah Bloch                                 | HES2 Contract – Section 67, HHB Act.                                 | 19/09/2016                             |
| Executive Director, Strategic Planning and Assets – Ms Toni Peggrem                                 | HES3 Contract – Section 67, HHB Act.                                 | 29/09/2014                             |
| Executive Director, Governance, Risk and Commercial Services – Ms Rebecca Freath                    | HES2 Contract – Section 67, HHB Act.                                 | 01/08/2014                             |

\*The following title changes were made in the financial year to reflect changed portfolios:

| Previous title                                    | New title   |
|---|---|
| Executive Director, Finance and Business Services | Chief Finance Officer                             |
| Executive Director, People and Engagement         | Executive Director, People and Corporate Services |
| Executive Director, Strategy & Planning           | Executive Director, Strategic Planning and Assets |

#### a) Remuneration

Remuneration policy for the Gold Coast Health Board are approved by the Governor in Council and the Chair, Deputy Chair and members are paid an annual fee consistent with the government procedures titled ‘Remuneration procedures for part-time chairs and members of Queensland Government bodies’ Remuneration policy for Gold Coast Health Executive is set by the Director-General of the Department as provided for under the HHB Act. The remuneration and other terms of employment are specified in individual employment contracts. Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include: base salary, allowances and annual leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position. Non-monetary benefits consist of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

## 2018

|  | Short-term employee expenses |                     | Post-employment expenses \$'000 | Long-term employee expenses \$'000 | Termination benefits \$'000 | Total Expenses \$'000 |
|--|------------------------------|---------------------|---------------------------------|------------------------------------|-----------------------------|-----------------------|
|  | Monetary \$'000              | Non-monetary \$'000 |                                 |                                    |                             |                       |
| <b>Board</b>   |                              |                     |                                 |                                    |                             |                       |
| Board Chair – Mr Ian Langdon   | 103                          | 0                   | 9                               | 0                                  | 0                           | 112                   |
| Board Chair – Ms Teresa Dyson  | 54                           | 0                   | 5                               | 0                                  | 0                           | 59                    |
| Board Member – Professor Allan Cripps (finished 17/05/2018)                                | 42                           | 0                   | 4                               | 0                                  | 0                           | 46                    |
| Board Member – Ms Colette McCool   | 54                           | 0                   | 5                               | 0                                  | 0                           | 59                    |
| Board Member – Dr Andrew Weissenberger   | 50                           | 0                   | 5                               | 0                                  | 0                           | 55                    |
| Board Member – Dr Cherrell Hirst   | 53                           | 0                   | 5                               | 0                                  | 0                           | 58                    |
| Board Member – Mr Robert Buker   | 51                           | 0                   | 5                               | 0                                  | 0                           | 56                    |
| Board Member – Professor Helen Chenery   | 50                           | 0                   | 5                               | 0                                  | 0                           | 55                    |
| Board Member – Professor Judy Searle   | 44                           | 0                   | 4                               | 0                                  | 0                           | 48                    |
| Board Member – Michael Kinnane (commenced 18/05/2018)                                      | 6                            | 0                   | 1                               | 0                                  | 0                           | 7                     |
| <b>Executive</b>   |                              |                     |                                 |                                    |                             |                       |
| Chief Executive – Mr Ron Calvert   | 405                          | 11                  | 33                              | 8                                  | 0                           | 457                   |
| Chief Operations Officer – Kimberley Pierce  | 238                          | 0                   | 24                              | 5                                  | 0                           | 267                   |
| Chief Finance Officer – Mr Ian Moody   | 250                          | 0                   | 25                              | 5                                  | 0                           | 280                   |
| Executive Director, Clinical Governance, Education and Research – Professor Marianne Vonau | 427                          | 0                   | 32                              | 8                                  | 0                           | 467                   |
| Executive Director, Digital Transformation Service – Mr Damian Green                       | 231                          | 0                   | 18                              | 4                                  | 0                           | 253                   |
| Executive Director, People and Corporate Services – Ms Hannah Bloch                        | 200                          | 0                   | 20                              | 4                                  | 0                           | 224                   |
| Executive Director, Strategic Planning and Assets – Ms Toni Peggrem                        | 215                          | 0                   | 21                              | 4                                  | 0                           | 240                   |
| Executive Director, Governance Risk and Commercial Services – Ms Rebecca Freath            | 198                          | 0                   | 20                              | 4                                  | 0                           | 222                   |

**Note 3. Key Management Personnel (continued)****2017**

|  | Short-term employee expenses |                     | Post-employment expenses \$'000 | Long-term employee expenses \$'000 | Termination benefits \$'000 | Total Expenses \$'000 |
|--|------------------------------|---------------------|---------------------------------|------------------------------------|-----------------------------|-----------------------|
|  | Monetary \$'000              | Non-monetary \$'000 |                                 |                                    |                             |                       |
| <b>Board</b>   |                              |                     |                                 |                                    |                             |                       |
| Board Chair – Mr Ian Langdon   | 98                           | -                   | 9                               | -                                  | -                           | 107                   |
| Deputy Board Chair – Ms Teresa Dyson   | 61                           | -                   | 6                               | -                                  | -                           | 67                    |
| Board Member – Professor Allan Cripps  | 51                           | -                   | 5                               | -                                  | -                           | 56                    |
| Board Member – Ms Colette McCool   | 55                           | -                   | 5                               | -                                  | -                           | 60                    |
| Board Member – Dr Andrew Weissenberger   | 53                           | -                   | 5                               | -                                  | -                           | 58                    |
| Board Member – Dr Cherrell Hirst   | 56                           | -                   | 6                               | -                                  | -                           | 62                    |
| Board Member – Mr Robert Buker   | 53                           | -                   | 5                               | -                                  | -                           | 58                    |
| Board Member – Professor Helen Chenery   | 54                           | -                   | 5                               | -                                  | -                           | 59                    |
| Board Member – Professor Judy Searle   | 50                           | -                   | 5                               | -                                  | -                           | 55                    |
| <b>Executive Management Team</b>   |                              |                     |                                 |                                    |                             |                       |
| Chief Executive – Mr Ron Calvert   | 469                          | 11                  | 39                              | 9                                  | -                           | 528                   |
| Chief Operations Officer – Kimberley Pierce (from 15/08/16)                                | 201                          | -                   | 20                              | 4                                  | -                           | 225                   |
| Executive Director, Finance and Business Services – Mr Ian Moody                           | 237                          | -                   | 24                              | 5                                  | -                           | 266                   |
| Executive Director, Clinical Governance, Education and Research – Professor Marianne Vonau | 424                          | -                   | 32                              | 8                                  | -                           | 464                   |
| Executive Director, Digital Transformation Service – Mr Damian Green                       | 234                          | -                   | 18                              | 4                                  | -                           | 256                   |
| Executive Director, People and Engagement – Ms Hannah Bloch (from 19/09/16)                | 158                          | -                   | 16                              | 3                                  | -                           | 177                   |
| Executive Director, Strategy and Planning – Ms Toni Peggrem                                | 210                          | -                   | 20                              | 4                                  | -                           | 234                   |
| Executive Director, Governance Risk and Commercial Services – Ms Rebecca Freath            | 188                          | -                   | 19                              | 4                                  | -                           | 211                   |

## Note 4. Related Parties

### Transactions with other Queensland Government-controlled entities

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

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

| Entity                                 | Note | For the year ending 30 June 2018 |                       | As at 30 June 2018 |                     |
|--|------|----------------------------------|-----------------------|--------------------|---------------------|
|  |      | Revenue<br>\$'000                | Expenditure<br>\$'000 | Asset<br>\$'000    | Liability<br>\$'000 |
| Department of Health                   | (a)  | 1,325,796                        | 74,947                | 18,544             | 10,878              |
| Queensland Treasury Corporation        | (b)  | 184                              | 11                    | 7,480              | -                   |
| Department of Housing and Public Works | (c)  | -                                | 4,333                 | -                  | 123                 |
| Other Hospital and Health Services     | (d)  | 1,217                            | 1,133                 | 143                | 383                 |
| Gold Coast Hospital Foundation         | (e)  | -                                | 22                    | 311                | -                   |

| Entity                                 | Note | For the year ending 30 June 2017 |                       | As at 30 June 2017 |                     |
|--|------|----------------------------------|-----------------------|--------------------|---------------------|
|  |      | Revenue<br>\$'000                | Expenditure<br>\$'000 | Asset<br>\$'000    | Liability<br>\$'000 |
| Department of Health                   | (a)  | 1,234,754                        | 67,701                | 12,111             | 7,019               |
| Queensland Treasury Corporation        | (b)  | 187                              | 11                    | 7,307              | -                   |
| Department of Housing and Public Works | (c)  | -                                | 2,865                 | -                  | -                   |
| Other Hospital and Health Services     | (d)  | 461                              | 1,231                 | 29                 | -                   |
| Gold Coast Hospital Foundation         | (e)  | -                                | 1                     | 141                | -                   |

#### (a) Department of Health

Gold Coast Health receives funding in accordance with a service agreement with the Department. The Department receives its revenue from the Queensland Government (majority of funding) and the Commonwealth. The signed service agreements are published on the Queensland Government website and publicly available.

The Department of Health provides support services on a fee basis such as ambulance, pathology, linen, medical equipment maintenance, information technology, communications, procurement and insurance.

In addition to the expenditure disclosed above, the Department provides several services free of charge including accounts payable, payroll and other support services. The estimated value of these services is \$11.5m.

#### (b) Queensland Treasury Corporation

Gold Coast Health has accounts with the Queensland Treasury Corporation (QTC) for general trust monies and receive interest and incur bank fees on these bank accounts.

#### (c) Department of Housing and Public Works

Gold Coast Health pays rent to the Department of Housing and Public Works (DHPW) for a number of properties. In addition, the Department of Housing and Public Works provides fleet management services (Qfleet) to Gold Coast Health. Commitments to DHPW are disclosed at Note 23.

#### (d) Other Hospital and Health Service entities

Payments to and receipts from other Hospital and Health service entities in Queensland occur to facilitate the transfer of patients, drugs, staff and other services shared.

## Note 4. Related Parties (continued)

### (e) Gold Coast Hospital Foundation

Gold Coast Hospital Foundation provides free equipment, resources and services to Gold Coast Health in accordance with their objectives identified in the *Hospitals Foundations Act 1982 (Qld)*. Where quantifiable, the value of these resources is disclosed above. The Foundation leases space in the foyer of Gold Coast University Hospital for a nominal value. Upon application, the Foundation also provides funding to research projects, some of which are facilitated by Gold Coast Health employees.

### Transactions with people/entities related to Key Management Personnel

All transactions in the year ended 30 June 2018 between Gold Coast Health and key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature.

## Note 5. Health service funding

|                                     | 2018<br>\$'000   | 2017<br>\$'000   |
|-------------------------------------|------------------|------------------|
| Activity based funding              | 1,055,933        | 942,965          |
| Non-activity based funding          | 191,214          | 212,626          |
| Depreciation funding                | 78,649           | 79,165           |
| <b>Total health service funding</b> | <b>1,325,796</b> | <b>1,234,756</b> |

## Note 6. User charges and fees

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Hospital fees and related services/goods | 35,560         | 34,513         |
| Private practice revenue                 | 11,125         | 12,363         |
| Pharmaceutical benefits scheme           | 45,819         | 37,435         |
| Other goods and services                 | 8,980          | 8,627          |
| <b>Total user charges and fees</b>       | <b>101,484</b> | <b>92,938</b>  |

## Note 7. Grants and other contributions

|                                       | 2018<br>\$'000 | 2017<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Commonwealth grants and contributions | 13,738         | 13,355         |
| Other grants and contributions        | 3,284          | 4,484          |
| Donations other                       | 1,294          | 1,415          |
| Donations non-current physical assets | 416            | 185            |
| <b>Total grants and contributions</b> | <b>18,732</b>  | <b>19,439</b>  |

**Note 8. Other revenue**

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Interest                                     | 233            | 198            |
| Minor capital recoveries                     | 2,596          | 983            |
| Rental income                                | 2,306          | 2,196          |
| Gain on sale of property plant and equipment | 371            | 135            |
| Other  | 2,698          | 2,309          |
| <b>Total other revenue</b>                   | <b>8,204</b>   | <b>5,821</b>   |

**Note 9. Employee expenses**

|                                  | 2018<br>\$'000 | 2017<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Employee expenses</b>         |                |                |
| <i>Employee benefits</i>         |                |                |
| Wages and salaries               | 770,821        | 717,904        |
| Annual leave                     | 90,146         | 86,362         |
| Superannuation                   | 79,964         | 75,450         |
| Long Service Leave               | 16,392         | 15,256         |
| Termination payment              | 438            | 612            |
| <i>Employee related expenses</i> |                |                |
| Other employee related expenses  | 7,654          | 7,019          |
| Workers compensation premium     | 6,434          | 6,198          |
| Payroll tax                      | 7              | 3              |
| <b>Total employee expenses</b>   | <b>971,856</b> | <b>908,804</b> |

The number of employees of Gold Coast Health at 30 June 2018 measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information) is 7,899 (30 June 2017: 7,436).



**Note 10. Supplies and services**

|   | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| Building services   | 203            | 418            |
| Catering and domestic supplies                              | 10,768         | 10,160         |
| Clinical supplies and services                              | 107,831        | 99,816         |
| Communications  | 13,716         | 13,304         |
| Computer services   | 16,961         | 13,198         |
| Consultants   | 1,329          | 1,051          |
| Contractors and external labour                             | 21,956         | 17,653         |
| Drugs   | 63,621         | 54,020         |
| Expenses relating to capital works                          | 6,556          | 1,915          |
| Insurance premiums (Queensland Government Insurance Fund) * | 13,077         | 12,766         |
| Interstate patient expenses                                 | 49,240         | 49,240         |
| Motor vehicles  | 1,120          | 1,271          |
| Operating lease rentals                                     | 6,063          | 4,041          |
| Outsourced service delivery                                 | 17,893         | 24,333         |
| Repairs and maintenance                                     | 27,829         | 24,885         |
| Travel – patients   | 4,578          | 4,697          |
| Travel – staff  | 1,193          | 1,145          |
| Utilities   | 15,550         | 14,363         |
| Other   | 7,962          | 6,618          |
| <b>Total supplies and services</b>                          | <b>387,446</b> | <b>354,894</b> |

\* Gold Coast Health is covered by the Department's insurance policy with the Queensland Government Insurance Fund (QGIF). Gold Coast Health pays a fee to the Department as part of a fee-for-service arrangement.

**Note 11. Impairment loss**

|                              | 2018<br>\$'000 | 2017<br>\$'000 |
|------------------------------|----------------|----------------|
| Impairment on receivables    | (1,308)        | (1,680)        |
| <b>Total impairment loss</b> | <b>(1,308)</b> | <b>(1,680)</b> |

**Note 12. Other expenses**

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Advertising                                    | 309            | 369            |
| Ex-gratia payments*                            | 61             | 140            |
| External audit fees**                          | 240            | 237            |
| Insurance - other                              | 111            | 125            |
| Internal audit fees                            | 345            | 340            |
| Interpreter fees                               | 1,027          | 908            |
| Inventory written off                          | 34             | 167            |
| Legal Fees                                     | 1,274          | 581            |
| Losses from the disposal of non-current assets | 468            | 569            |
| Other expenses                                 | 3,318          | 3,327          |
| <b>Total other expenses</b>                    | <b>7,187</b>   | <b>6,763</b>   |

\* Ex-gratia payments are special payments that Gold Coast Health is not contractually or legally obligated to make to other parties and include payments to patients and staff for damaged or lost property. In compliance with the Financial and Performance Management Standard 2009, Gold Coast Health maintains a register setting out details of all special payments greater than \$5,000. Two payments for patient and employee related matters exceeded the \$5,000 threshold in 2017-2018.

\*\*Total audit fees paid or accrued to the Queensland Audit Office for the financial statement audit were \$240,000 (2016-2017: \$237,000). There are no non-audit services included in this amount.

**Note 13. Current assets – Cash and cash equivalents**

|                   | 2018<br>\$'000 | 2017<br>\$'000 |
|-------------------|----------------|----------------|
| Cash on hand      | 23             | 23             |
| Cash at bank      | 66,876         | 57,842         |
| QTC Cash Fund     | 7,480          | 7,307          |
| <b>Total cash</b> | <b>74,379</b>  | <b>65,172</b>  |

**a) Restricted Cash**

Gold Coast Health receives cash contributions from private practice arrangements (refer to Note 26) for education, study and research in clinical areas, and from external parties in the form of gifts, donations and bequests for stipulated purposes. This money is retained separately and payments are only made from the General Trust Fund for the specific purposes upon which contributions were received. The value as at 30 June 2018 was \$9.4m (2016-2017: \$8.6m).

**b) Effective Interest Rate**

Cash deposited with the Queensland Treasury Corporation earns interest at a rate of 2.33% per annum (2016-2017: 2.43%). No interest is earned on other bank accounts.

**Note 13. Current assets – Cash and cash equivalents (continued)****c) Reconciliation of surplus to net cash from operating activities**

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Surplus for the year                               | 7,956          | 6,406          |
| <i>Adjustments for:</i>                            |                |                |
| Depreciation and amortisation                      | 78,649         | 79,165         |
| Depreciation and amortisation funding              | (78,649)       | (79,165)       |
| Losses from the disposal of non-current assets     | 468            | 569            |
| Donations non-current physical assets              | (416)          | (185)          |
| Gain on sale of property plant and equipment       | (371)          | (132)          |
| Net revaluation (increment)/decrement              | (901)          | (5,562)        |
| <i>Change in operating assets and liabilities:</i> |                |                |
| (Increase) in receivables                          | (10,886)       | (7,149)        |
| (Increase) in inventories                          | (478)          | (493)          |
| (Increase) in prepayments                          | (640)          | (617)          |
| Increase/(Decrease) in payables                    | 18,231         | (533)          |
| Increase in accrued employee benefits              | 4,050          | 4,925          |
| (Decrease)/Increase in unearned revenue            | (2,408)        | 3,816          |
| <b>Net cash from operating activities</b>          | <b>14,605</b>  | <b>1,045</b>   |

**Note 14. Current assets – Receivables**

|   | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| Trade receivables                             | 13,877         | 13,370         |
| Less: Provision for impairment of receivables | (3,036)        | (4,133)        |
|   | <b>10,841</b>  | <b>9,237</b>   |
| GST input tax credits receivable              | 3,012          | 1,683          |
| GST payable                                   | (164)          | (325)          |
|   | <b>2,848</b>   | <b>1,358</b>   |
| Health service funding accrued                | 18,243         | 11,960         |
| Other accrued revenue                         | 10,816         | 5,581          |
| <b>Total receivables</b>                      | <b>42,748</b>  | <b>28,136</b>  |

**a) Impaired trade receivables**

Impairment is based on a specific review of individual trade debtors at risk for either actual loss events or past experiences in relation to these loss events. These loss events mainly relate to unrecoverable debts from individuals' ineligible for Medicare. Total impairment loss recognised in the operating result was:

|                                  | 2018<br>\$'000 | 2017<br>\$'000 |
|----------------------------------|----------------|----------------|
| Impairment losses on receivables | 1,147          | 1,331          |
| Bad debts written off            | 161            | 349            |
| <b>Total impairment loss</b>     | <b>1,308</b>   | <b>1,680</b>   |

Movements in the provision for impairment of receivables are as follows:

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Opening balance  | 4,133          | 4,228          |
| Additional provisions recognised                         | 1,147          | 1,331          |
| Receivables written off during the year as uncollectable | (2,244)        | (1,426)        |
| <b>Closing balance</b>                                   | <b>3,036</b>   | <b>4,133</b>   |

The ageing of the impaired receivables provided for above is as follows:

|                        | 2018<br>\$'000 | 2017<br>\$'000 |
|------------------------|----------------|----------------|
| 0-30 days              | 2              | 127            |
| 31-60 days             | 72             | 132            |
| 61-90 days             | 92             | 147            |
| More than 90 days      | 2,870          | 3,727          |
| <b>Closing balance</b> | <b>3,036</b>   | <b>4,133</b>   |

**b) Past due but not impaired**

The ageing of the past due but not impaired receivables is as follows:

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| 0-30 days                              | -              | -              |
| 31-60 days                             | 2,197          | 2,231          |
| 61-90 days                             | 1,829          | 798            |
| More than 90 days                      | 1,243          | 439            |
| <b>Total past due but not impaired</b> | <b>5,269</b>   | <b>3,468</b>   |

Based on credit history and other information, it is expected that these amounts will be received.

**Note 15. Current assets – Inventories**

|                                      | 2018<br>\$'000 | 2017<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Pharmaceutical and clinical supplies | 8,877          | 8,302          |
| Less: Provision for impairment       | (69)           | (109)          |
| Catering and domestic supplies       | 264            | 347            |
| Other supplies                       | 16             | 70             |
| <b>Total inventories</b>             | <b>9,088</b>   | <b>8,610</b>   |

**Note 16. Non-current assets – Property, plant and equipment**

|  | 2018<br>\$'000   | 2017<br>\$'000   |
|--|------------------|------------------|
| Land – at independent valuation            | 89,416           | 86,008           |
| Buildings – at independent valuation       | 1,905,759        | 1,848,621        |
| Less: Accumulated depreciation             | (359,213)        | (291,005)        |
|  | <b>1,546,546</b> | <b>1,557,616</b> |
| Plant and equipment – at cost              | 188,020          | 180,839          |
| Less: Accumulated depreciation             | (102,974)        | (89,016)         |
|  | <b>85,046</b>    | <b>91,823</b>    |
| Capital works in progress – at cost        | 2,968            | 952              |
| <b>Total property, plant and equipment</b> | <b>1,723,976</b> | <b>1,736,399</b> |

**a) Movement reconciliation**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|   | Land<br>(fair value)<br>\$'000 | Buildings<br>(fair value)<br>\$'000 | Plant and<br>Equipment<br>(cost)<br>\$'000 | Work-in-<br>Progress<br>(cost)<br>\$'000 | Total<br>\$'000  |
|---|--------------------------------|-------------------------------------|--|--|------------------|
| <b>Balance at 30 June 2016</b>                  | <b>81,200</b>                  | <b>1,578,830</b>                    | <b>100,563</b>                             | <b>1,016</b>                             | <b>1,761,609</b> |
| Additions                                       | -                              | -                                   | 7,642                                      | 4,972                                    | 12,614           |
| Disposals                                       | (754)                          | (35)                                | (579)                                      | -  | (1,368)          |
| Revaluation increments                          | 5,562                          | 36,521                              | -  | -  | 42,083           |
| Donations received                              | -                              | -                                   | 185  | -  | 185              |
| Net transfers from the Department/<br>Other HHS | -                              | -                                   | (7)  | -  | (7)              |
| Transfers from Work-in-Progress                 | -                              | 2,071                               | 2,965                                      | (5,036)                                  | -                |
| Depreciation expense                            | -                              | (59,771)                            | (18,946)                                   | -  | (78,717)         |
| <b>Balance at 30 June 2017</b>                  | <b>86,008</b>                  | <b>1,557,616</b>                    | <b>91,823</b>                              | <b>952</b>                               | <b>1,736,399</b> |
| Additions                                       | -                              | -                                   | 11,193                                     | 6,005                                    | 17,198           |
| Disposals                                       | (38)                           | -                                   | (468)                                      | (100)                                    | (606)            |
| Revaluation increments                          | 3,446                          | 44,998                              | -  | -  | 48,444           |
| Donations received/made                         | -                              | -                                   | 416  | -  | 416              |
| Net transfers from the Department/<br>Other HHS | -                              | -                                   | (138)                                      | -  | (138)            |
| Transfers between asset classes                 | -                              | -                                   | (177)                                      | -  | (177)            |
| Transfers from Work-in-Progress                 | -                              | 1,681                               | 2,208                                      | (3,889)                                  | (77,560)         |
| Depreciation expense                            | -                              | (59,749)                            | (19,811)                                   | -  | (79,560)         |
| <b>Balance at 30 June 2018</b>                  | <b>89,416</b>                  | <b>1,546,546</b>                    | <b>85,046</b>                              | <b>2,968</b>                             | <b>1,723,976</b> |

**b) Valuations of land and buildings**

Fair value is the price that would be received by using assets in their highest and best use or by selling it to another market participant that would use the assets in their highest and best use, regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. All Gold Coast Health assets are currently used in line with their highest and best use.

Observable inputs are publicly available data that are relevant to the characteristics of the asset being valued. Examples for Gold Coast Health include, but are not limited to, published sales data for land and general buildings. Unobservable inputs are data, assumptions and judgements that are not publicly available, but are relevant to the characteristics of the asset being valued. Examples for Gold Coast Health include, but are not limited to, internal records of construction costs, assessment of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets.

**Land**

The State Valuation Service provided an index for land in 2017-2018. The indexation for land ranged between 0.971 and 1.231, based on market conditions for commercial property on the Gold Coast.

Previously, the State Valuation Service performed a comprehensive valuation of all land holdings, with an effective valuation date of 30 June 2017. The valuation was based on a market approach. Key inputs into the valuation include publicly available data on sales of similar land in nearby localities in the 12 months prior to the date of revaluation. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual parcel of land.

**Buildings**

AECOM Australia Pty Ltd provided an index for buildings in 2017-2018. The indexation for buildings was 3% based on cost escalations evidenced in the market.

Previously, AECOM Australia Pty Ltd performed a comprehensive valuation of all buildings measured on a current replacement cost basis (effective valuation date of 30 June 2017), except one building held at market value which was not revalued due to immateriality in 2016-2017. Key inputs into the valuation on replacement cost basis included internal records of the original cost of the specialised fit out and more contemporary design/construction costs published for various standard components of buildings. Significant judgement was also used to assess the remaining service potential of the buildings given local environmental conditions and the records of the current condition of the building.

The revaluation increment/decrement is shown below:

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| <b>Recognised in operating result:</b>           |                |                |
| Land revaluation increment                       | 901            | 5,562          |
| Net building revaluation increment               | -              | -              |
| <b>Net revaluation increment</b>                 | <b>901</b>     | <b>5,562</b>   |
| <b>Recognised in other comprehensive income:</b> |                |                |
| Land revaluation increment                       | 2,545          | -              |
| Net building revaluation increment               | 44,998         | 36,521         |
| <b>Net revaluation increment</b>                 | <b>48,444</b>  | <b>36,521</b>  |

The asset revaluation surplus in the statement of financial position as at 30 June 2018 (\$116.2m) relates to land (\$2.5m) and building (\$113.7m) revaluation increments. (2016-2017: \$68.7m building revaluation increments).

**Note 16. Non-current assets – Property, plant and equipment (continued)****c) Fair value hierarchy classification**

The fair value hierarchy classification is based on the data and assumptions used in the most recent comprehensive valuations, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3: Unobservable inputs for the asset

Land and buildings valued with reference to an active market is classified as Level 2. Purpose-built hospital and health service buildings valued without reference to an active market are valued using the replacement cost methodology and classified as Level 3.

|                     | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000  |
|---------------------|-------------------|-------------------|-------------------|------------------|
| <b>2018</b>         |                   |                   |                   |                  |
| <i>Assets</i>       |                   |                   |                   |                  |
| Land                | -                 | 89,416            | -                 | 89,416           |
| Buildings           | -                 | 1,862             | 1,544,684         | 1,546,546        |
| <b>Total assets</b> | -                 | <b>91,278</b>     | <b>1,544,684</b>  | <b>1,635,962</b> |
| <b>2017</b>         |                   |                   |                   |                  |
| <i>Assets</i>       |                   |                   |                   |                  |
| Land                | -                 | 86,008            | -                 | 86,008           |
| Buildings           | -                 | 1,914             | 1,555,702         | 1,557,616        |
| <b>Total assets</b> | -                 | <b>87,922</b>     | <b>1,555,702</b>  | <b>1,643,624</b> |

The movements associated with Level 3 assets are shown below:

**Level 3 Movements**

|                                     | 2018<br>\$'000   | 2017<br>\$'000   |
|-------------------------------------|------------------|------------------|
| <b>Balance at 1 July</b>            | <b>1,555,702</b> | <b>1,577,215</b> |
| Transfers into Level 3 from Level 2 | -                | 426              |
| Disposals                           | -                | (18)             |
| Revaluation increments              | 44,943           | 36,388           |
| Transfers from Work-in-Progress     | 1,681            | 1,334            |
| Depreciation                        | (57,642)         | (59,643)         |
| <b>Balance at 30 June</b>           | <b>1,544,684</b> | <b>1,555,702</b> |



**Note 17. Non-current assets – Intangibles**

|                                     | 2018<br>\$'000 | 2017<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Software purchased – at cost        | 1,266          | 939            |
| Less: Accumulated amortisation      | (927)          | (627)          |
|                                     | <b>339</b>     | <b>312</b>     |
| Software developed                  | 2,091          | 2,091          |
| Less: Accumulated amortisation      | (1,492)        | (553)          |
|                                     | <b>599</b>     | <b>1,538</b>   |
| Software work in progress – at cost | -              | -              |
| <b>Total intangibles</b>            | <b>938</b>     | <b>1,850</b>   |

**a) Movement reconciliation**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                                 | Work-in-<br>Progress<br>\$'000 | Purchased<br>\$'000 | Developed<br>\$'000 | Total<br>\$'000 |
|---------------------------------|--------------------------------|---------------------|---------------------|-----------------|
| <b>Balance at 30 June 2016</b>  | <b>1,663</b>                   | <b>421</b>          | <b>214</b>          | <b>2,298</b>    |
| Additions                       | -                              | -                   | -                   | -               |
| Disposals                       | -                              | -                   | -                   | -               |
| Transfers In/(out)              | (1,663)                        | -                   | 1,663               | -               |
| Amortisation expense            | -                              | (109)               | (339)               | (448)           |
| <b>Balance at 30 June 2017</b>  | <b>-</b>                       | <b>312</b>          | <b>1,538</b>        | <b>1,850</b>    |
| Additions                       | -                              | -                   | -                   | -               |
| Disposals                       | -                              | -                   | -                   | -               |
| Transfers between asset classes | -                              | 177                 | -                   | 177             |
| Amortisation expense            | -                              | (150)               | (939)               | (1,089)         |
| <b>Balance at 30 June 2018</b>  | <b>-</b>                       | <b>339</b>          | <b>599</b>          | <b>938</b>      |

**Note 18. Current liabilities – Payables**

|                            | 2018<br>\$'000 | 2017<br>\$'000 |
|----------------------------|----------------|----------------|
| Trade and other payables   | 17,231         | 8,680          |
| Payables to the Department | 9,375          | 2,057          |
| Accrued expenses           | 28,567         | 26,205         |
| <b>Total payables</b>      | <b>55,173</b>  | <b>36,942</b>  |

**Note 19. Current liabilities – Accrued employee benefits**

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Wages and salaries payable             | 29,978         | 26,217         |
| Superannuation payable                 | 3,511          | 3,634          |
| Other leave                            | 6,304          | 5,892          |
| <b>Total accrued employee benefits</b> | <b>39,793</b>  | <b>35,743</b>  |

**Note 20. Current liabilities – Unearned revenue**

|   | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| Health service funding unearned revenue | 1,503          | 4,926          |
| Other unearned revenue                  | 1,038          | 22             |
| <b>Unearned revenue</b>                 | <b>2,541</b>   | <b>4,948</b>   |

**Note 21. Financial instruments**

Gold Coast Health's activities expose it to a variety of financial risks – interest risk, credit risk and liquidity risk. Financial risk management is implemented pursuant to Gold Coast Health's Financial Management Practice Manual. Overall financial risk is managed in accordance with written principles of Gold Coast Health for overall risk management, as well as policies covering specific areas.

The carrying amounts of cash, trade and other receivables and trade and other payables are assumed to approximate their fair values as disclosed on the Statement of Financial Position due to their short-term nature.

**Interest Risk**

Gold Coast Health is exposed to interest rate risk through its cash deposited in interest bearing accounts. Changes in interest rates have had a minimal impact on the operating result.

**Credit risk**

Credit risk exposure refers to the situation where Gold Coast Health may incur financial loss because of another party to a financial instrument failing to discharge their obligation. The maximum exposure to credit risk at balance date is equal to the gross carrying amount of the financial asset, inclusive of any provisions for impairment. As such, the gross carrying amount of cash and cash equivalents as well as receivables represents the maximum exposure to credit risk. See Note 14 for further information on impairment of receivables.

**Liquidity risk**

Liquidity risk refers to the situation where Gold Coast Health may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Gold Coast Health is exposed to liquidity risk in respect of its payables. Exposure to liquidity risk is reduced by ensuring that sufficient funds are available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected incidence and duration of the various employee and supplier liabilities. Gold Coast Health has an approved overdraft facility of \$8.5m under whole-of-Government banking arrangements to manage any unexpected short-term cash shortfalls. This facility has not been drawn down as at 30 June 2018.

Gold Coast Health's trade and other payables are expected to be settled within 30-60 days.

## Note 22. Contingent liabilities

The following cases were filed in the courts naming the State of Queensland acting through Gold Coast Health as the defendant:

|                                   | 2018<br>cases | 2017<br>cases |
|-----------------------------------|---------------|---------------|
| Supreme Court                     | 6             | 3             |
| District Court                    | 3             | 4             |
| Magistrates Court                 | 1             | 1             |
| Tribunals, commissions and boards | 1             | 2             |
| <b>Total cases</b>                | <b>11</b>     | <b>10</b>     |

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of litigations before the courts at this time. Any amount payable would be covered by the Queensland Government Insurance Fund (QGIF). Gold Coast Health's maximum exposure under the QGIF policy is \$20,000 excess for each insurable event. Tribunals, commissions and boards include matters that may never be litigated or result in payments to claims.

## Note 23. Commitments

### Non-cancellable operating leases

Commitments at the reporting date under non-cancellable operating leases are inclusive of non-recoverable GST and payable as follows:

|                   | 2018<br>\$'000 | 2017<br>\$'000 |
|-------------------|----------------|----------------|
| Within one year   | 4,393          | 2,523          |
| One to five years | 8,795          | 2,509          |
| <b>Total</b>      | <b>13,188</b>  | <b>5,032</b>   |

Operating leases are a means of acquiring access to office accommodation and fleet vehicles. Lease payments are generally fixed, but with standard inflation escalation clauses. During 2017-2018 a new lease was signed for the Varsity Lakes Day Hospital.

### Lessor Commitments

Minimum lease commitments receivable but not recognised in the financial statements:

|                   | 2018<br>\$'000 | 2017<br>\$'000 |
|-------------------|----------------|----------------|
| Within one year   | 685            | 1,547          |
| One to five years | 171            | 657            |
| <b>Total</b>      | <b>856</b>     | <b>2,204</b>   |

Gold Coast Health is the beneficiary of rental income arising from the lease of clinical, retail and office accommodation to third parties. Lease receipts are generally fixed, but with inflation escalation clauses.

#### Note 24. Service Concession Arrangements

SurePark Pty Ltd was appointed in July 2010 to build, own, operate and transfer the Gold Coast University Hospital western car park (land owned by Gold Coast Health). The arrangement is for a period of 31 years. There was no revenue received from SurePark Pty Ltd and no upfront payments were made. The agreement provides for Gold Coast Health to receive a portion of revenue if certain conditions are met. A reliable estimate cannot yet be determined. Gold Coast Health does not control the facility and therefore it is not recognised as an asset of Gold Coast Health.

Healthscope Ltd was appointed in February 2012 to build, own, operate and transfer a private hospital facility in the southeast corner of the Gold Coast University Hospital campus (land owned by Gold Coast Health). The arrangement commenced from 12 March 2016 for a period of 50 years with possible extensions. No upfront payments were made. Gold Coast Health has a right to rental payments based on a percentage of revenue from March 2020. A reliable estimate of the rental amount cannot yet be determined. Gold Coast Health does not control the facility and therefore it is not recognised as an asset of Gold Coast Health.

#### Note 25. Trust transactions and balances

| Patient trust receipts and payments               | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| <i>Receipts</i>                                   |                |                |
| Amounts received on behalf of patients            | 235            | 265            |
| <i>Payments</i>                                   |                |                |
| Amounts paid to or on behalf of patients          | 241            | 259            |
| <i>Assets</i>                                     |                |                |
| Cash held and bank deposits on behalf of patients | 18             | 24             |

## Note 26. Granted private practice arrangements

Gold Coast Health performs a custodial role in respect of private practice transactions and balances and as such these are not recognised in the financial statements of Gold Coast Health, but are disclosed in the information below. Payments to Gold Coast Health indicated below relate to revenue that has been recognised by Gold Coast Health.

| <b>Trust receipts and payments</b>                                | <b>2018<br/>\$'000</b> | <b>2017<br/>\$'000</b> |
|---|------------------------|------------------------|
| <i>Receipts</i>   |                        |                        |
| Private practice revenue  | 19,296                 | 21,062                 |
| Private practice interest revenue                                 | 33                     | 33                     |
| <b>Total receipts</b>   | <b>19,329</b>          | <b>21,095</b>          |
| <i>Payments</i>   |                        |                        |
| Payments to private practice doctors under retention arrangements | 4,697                  | 6,623                  |
| Payments to Gold Coast Health for service fees                    | 7,870                  | 6,347                  |
| Payments to Gold Coast Health for assignment arrangements         | 5,784                  | 6,209                  |
| Payments to Gold Coast Health Private Practice Trust Fund*        | 1,525                  | 1,352                  |
| <b>Total payments</b>   | <b>19,876</b>          | <b>20,531</b>          |
| <i>Assets</i>   |                        |                        |
| Cash held and bank deposits for private practice                  | 1,829                  | 2,376                  |

The cash balance above represents timing differences between cash receipts and payments in relation to the private practice arrangements.

\* Private Practice Trust funds are generated by doctors reaching the ceiling allowable under the retention option arrangements. These funds are included in the General Trust Fund and the allocation of these funds is managed by an advisory committee.

## Note 27. Events after the reporting period

No events have occurred after the reporting period that have an impact on the financial statements.

Gold Coast University Hospital is a 705 bed, tertiary-level facility which opened in 2013. It spans across seven buildings covering 170,000 square metres, and provides modern, world-class tertiary hospital care, with over 70 per cent private rooms.



# Management certificate

30 June 2018

## Certificate of Gold Coast Hospital and Health Service

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Gold Coast Hospital and Health Service for the financial year ended 30 June 2018 and of the financial position of the Gold Coast Hospital and Health Service at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



**Ian Langdon**  
Board Chair  
21 August 2018



**Ron Calvert**  
Chief Executive  
21 August 2018

# Independent auditor's report



## INDEPENDENT AUDITOR'S REPORT

To the Board of Gold Coast Hospital and Health Service

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Gold Coast Hospital and Health Service.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, 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 as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



## Independent auditor's report (continued)



### Valuation of specialised buildings (\$1 546.5 million)

Refer to Note 16 and 1(j) in the financial report.

| Key audit matter  | How my audit addressed the key audit matter   |
|---|---|
| <p>Buildings were material to Gold Coast Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. Gold Coast Hospital and Health Service performed an indexation of all of its buildings this year following a comprehensive revaluation in 2016–17.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>• gross replacement cost, less</li> <li>• accumulated depreciation.</li> </ul> <p>Using indexation required:</p> <ul style="list-style-type: none"> <li>• significant judgement in determining changes in cost and design factors for each asset type since the previous comprehensive valuation</li> <li>• reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used.</li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p> | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing the adequacy of management's review of the valuation process and results.</li> <li>• Reviewing the scope and instructions provided to the valuer.</li> <li>• Assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices.</li> <li>• In the previous financial year: <ul style="list-style-type: none"> <li>• assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices</li> <li>• for unit rates: <ul style="list-style-type: none"> <li>– assessing the competence, capabilities and objectivity of the experts used to develop the models</li> <li>– on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> <li>▪ modern substitute (including locality factors and oncosts)</li> <li>▪ adjustment for excess quality or obsolescence.</li> </ul> </li> </ul> </li> </ul> </li> <li>• In the current financial year: <ul style="list-style-type: none"> <li>– evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices</li> <li>– recalculating the application of the indices to asset balances.</li> </ul> </li> <li>• Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>– reviewing management's annual assessment of useful lives</li> <li>– at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets</li> <li>– ensuring that no building asset still in use has reached or exceeded its useful life</li> <li>– enquiring of management about their plans for assets that are nearing the end of their useful life</li> <li>– reviewing assets with an inconsistent relationship between condition and remaining useful life.</li> </ul> </li> <li>• Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</li> </ul> |

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

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

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

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

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

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

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

## Independent auditor's report (continued)



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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.

A handwritten signature in dark blue ink that reads "C. G. Strickland".

C G Strickland  
as delegate of the Auditor-General

24 August 2018

Queensland Audit Office  
Brisbane

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Appendix 1

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# Glossary of acronyms

## Appendix 2

|              |   |               |  |
|--------------|---|---------------|--|
| <b>AASB</b>  | Australian Accounting Standards Board                         | <b>EQulP</b>  | Evaluation and Quality Improvement Program       |
| <b>ABF</b>   | Activity-based Funding  | <b>EVP</b>    | Enhanced Value Program                           |
| <b>ACHS</b>  | The Australian Council on Healthcare Standards                | <b>FBT</b>    | Fringe Benefits Tax                              |
| <b>AODS</b>  | Alcohol and Other Drugs Service                               | <b>FPMS</b>   | Finance and Performance Management Standard 2009 |
| <b>ARR</b>   | Annual report requirements for Queensland Government agencies | <b>FRR</b>    | Financial Reporting Requirements                 |
| <b>ATOD</b>  | Alcohol, Tobacco and Other Drugs                              | <b>FTE</b>    | Full-time Equivalent                             |
| <b>BYOD</b>  | Bring Your Own Device   | <b>GC2018</b> | 2018 Commonwealth Games                          |
| <b>CAG</b>   | Consumer Advisory Group                                       | <b>GCDVIR</b> | Gold Coast Domestic Violence Integrated Response |
| <b>CALD</b>  | Culturally and Linguistically Diverse                         | <b>GCHHS</b>  | Gold Coast Hospital and Health Service           |
| <b>CASS</b>  | Cancer, Access and Support Services                           | <b>GCHKP</b>  | Gold Coast Health and Knowledge Precinct         |
| <b>CCC</b>   | Crime and Corruption Commission                               | <b>GCIC</b>   | Gold Coast Integrated Care                       |
| <b>CCF</b>   | Core Capability Framework                                     | <b>GPUH</b>   | Gold Coast University Hospital                   |
| <b>CDU</b>   | Clinical Decision Unit  | <b>GEMITH</b> | Geriatric Evaluation and Management in the Home  |
| <b>CEO</b>   | Chief Executive Officer                                       | <b>GOLDOC</b> | Gold Coast 2018 Commonwealth Games Corporation   |
| <b>CHITH</b> | Children's Hospital in the Home                               | <b>GP</b>     | General Practitioner                             |
| <b>CPR</b>   | Cardiopulmonary resuscitation                                 | <b>GRC</b>    | Governance, Risk and Compliance                  |
| <b>CT</b>    | Computed Tomography   | <b>GST</b>    | Goods and Services Tax                           |
| <b>DEMS</b>  | Diagnostic, Emergency and Medical Services                    | <b>HHB</b>    | Hospital and Health Board                        |
| <b>DFV</b>   | Domestic and Family Violence                                  | <b>HHS</b>    | Hospital and Health Service                      |
| <b>DHPW</b>  | Department of Housing and Public Works                        | <b>HLA</b>    | Higher Level Apprenticeship                      |
| <b>DPC</b>   | Department Premier and Cabinet                                | <b>HR</b>     | Human Resources                                  |
| <b>DSO</b>   | District Senior Officer                                       | <b>ICT</b>    | Information Communication Technology             |
| <b>DTS</b>   | Digital Transformation Services                               | <b>ICU</b>    | Intensive Care Unit                              |
| <b>EBP</b>   | Evidence Based Practice                                       | <b>ieMR</b>   | Integrated Electronic Medical Record             |
| <b>ECGO</b>  | Executive Control Group: Operations                           | <b>IHPA</b>   | Independent Hospital Pricing Authority           |
| <b>ECT</b>   | Electroconvulsive Therapy                                     | <b>KMP</b>    | Key Management Personnel                         |
| <b>ED</b>    | Emergency Department  | <b>KPI</b>    | Key Performance Indicators                       |
| <b>EEO</b>   | Equal Employment Opportunity                                  | <b>KWH</b>    | Kilowatt hour                                    |
| <b>ELP</b>   | Entry Level Opportunities                                     | <b>MGP</b>    | Midwifery Group Practice                         |
| <b>EMR</b>   | Electronic Medical Record                                     | <b>MHSS</b>   | Mental Health and Specialist Services            |
| <b>EMT</b>   | Executive Management Team                                     |               |  |
| <b>ENT</b>   | Ear, nose, throat   |               |  |

|               |  |
|---------------|--|
| <b>MIS</b>    | Management Information System                              |
| <b>MOHRI</b>  | Minimum Obligatory Human Resource Information              |
| <b>MP</b>     | Member of Parliament                                       |
| <b>MRI</b>    | Magnetic Resonance Imaging                                 |
| <b>MRSA</b>   | Methicillin Resistant Staphylococcus Aureus                |
| <b>MSU</b>    | Medical Support Unit                                       |
| <b>NAIDOC</b> | National Aborigines and Islanders Day Observance Committee |
| <b>NDIA</b>   | National Disability Insurance Agency                       |
| <b>NDIS</b>   | National Disability Insurance Scheme                       |
| <b>NEAT</b>   | National Emergency Access Target                           |
| <b>NED</b>    | Neurodevelopment Exposure Disorder                         |
| <b>NEST</b>   | National Elective Surgery Target                           |
| <b>NFP</b>    | Not For Profit   |
| <b>NHHNA</b>  | National Health and Hospitals Network Agreement            |
| <b>NHMRC</b>  | National Health and Medical Research Council               |
| <b>NHS</b>    | National Health Service                                    |
| <b>NICU</b>   | Neonatal Intensive Care Unit                               |
| <b>NPA</b>    | National Partnership Agreement                             |
| <b>NSQHS</b>  | National Safety and Quality Health Service                 |
| <b>NSRU</b>   | Nursing Support and Resource Unit                          |
| <b>NSW</b>    | New South Wales  |
| <b>OHO</b>    | The Office of the Health Ombudsman                         |
| <b>PBS</b>    | Pharmaceutical Benefit Scheme                              |
| <b>PID</b>    | Public Interest Disclosure                                 |
| <b>PLS</b>    | Patient Liaison Service                                    |
| <b>POST</b>   | Patient Off Stretcher Target                               |
| <b>PPH</b>    | Potentially Preventable Hospitalisations                   |
| <b>PPM</b>    | Professional Practice Model                                |
| <b>PwC</b>    | PricewaterhouseCoopers                                     |
| <b>QAO</b>    | Queensland Audit Office                                    |

|               |   |
|---------------|---|
| <b>QAS</b>    | Queensland Ambulance Service              |
| <b>QGIF</b>   | Queensland Government Insurance Fund      |
| <b>QPS</b>    | Queensland Police Service                 |
| <b>QTC</b>    | Queensland Treasury Corporation           |
| <b>QUT</b>    | Queensland University of Technology       |
| <b>QWAU</b>   | Queensland Weighted Activity Units        |
| <b>RACS</b>   | Royal Australasian College of Surgeons    |
| <b>RAWS</b>   | Rapid Access Workstation Service          |
| <b>ROLLIS</b> | Radio-labelled Occult Lesion Localisation |
| <b>SAB</b>    | Staphylococcus aureus Bacteraemia         |
| <b>SAPS</b>   | Specialty and Procedural Services         |
| <b>SCC</b>    | Statutory Compliance and Conduct          |
| <b>SDS</b>    | Service Delivery Statement                |
| <b>SNAP</b>   | Sub- and Non-acute Patients               |
| <b>SRAC</b>   | Strategic Research Advisory Committee     |
| <b>TAFE</b>   | Training and Further Education            |
| <b>TQGC</b>   | TAFE Queensland Gold Coast                |
| <b>UK</b>     | United Kingdom                            |
| <b>VET</b>    | Vocational Education and Training         |
| <b>VMO</b>    | Visiting Medical Officer                  |
| <b>WAU</b>    | Weighted Activity Units                   |
| <b>WEHO</b>   | Workplace Equity and Harrassment Officer  |
| <b>WLS</b>    | Women's Legal Service                     |
| <b>WNCS</b>   | Women's, Newborn and Children's Service   |

---

|                               |  |
|-------------------------------|--|
| <b>Accessible</b>             | Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.  |
| <b>Activity-based funding</b> | <p>A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:</p> <ul style="list-style-type: none"><li>• capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery</li><li>• creating an explicit relationship between funds allocated and services provided</li><li>• strengthening management’s focus on outputs, outcomes and quality</li><li>• encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level</li><li>• in the context of improving efficiency and effectiveness</li><li>• providing mechanisms to reward good practice and support quality initiatives.</li></ul> |
| <b>Acute</b>                  | Having a short and relatively severe course.   |
| <b>Acute care</b>             | <p>Care in which the clinical intent or treatment goal is to:</p> <ul style="list-style-type: none"><li>• manage labour (obstetric)</li><li>• cure illness or provide definitive treatment of injury</li><li>• perform surgery</li><li>• relieve symptoms of illness or injury (excluding palliative care)</li><li>• reduce severity of an illness or injury</li><li>• protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function</li><li>• perform diagnostic or therapeutic procedures.</li></ul>  |
| <b>Admission</b>              | The process whereby a hospital accepts responsibility for a patient’s care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient’s home (for hospital-in-the-home patients).   |
| <b>Allied health</b>          | Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthoptics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.  |
| <b>Best practice</b>          | Cooperative way in which organisations and their employees undertake business activities in all key processes, and use benchmarking that can be expected to lead sustainable world-class positive outcomes.  |

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|------------------------------------|--|
| <b>Clinical governance</b>         | A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.  |
| <b>Clinical practice</b>           | Professional activity undertaken by health professionals to investigate patient symptoms and prevent and/or manage illness, together with associated professional activities for patient care.   |
| <b>Full-time equivalent (FTE)</b>  | Refers to full-time equivalent staff currently working in a position.  |
| <b>Department of Health</b>        | Refers to Queensland Health.   |
| <b>Health reform</b>               | Response to the National Health and Hospitals Reform Commission Report (2009) that outlined recommendations for transforming the Australian health system, the National Health and Hospitals Network Agreement (NHHNA) signed by the Commonwealth and states and territories, other than Western Australia, in April 2010 and the National Health Reform Heads of Agreement (HoA) signed in February 2010 by the Commonwealth and all states and territories amending the NHHNA. |
| <b>Hospital</b>                    | Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.  |
| <b>Hospital and Health Boards</b>  | The Hospital and Health Boards are made up of a mix of members with expert skills and knowledge relevant to managing a complex health care organisation.   |
| <b>Hospital and Health Service</b> | Hospital and Health Service (HHS) is a separate legal entity established by Queensland Government to deliver public hospital services.   |
| <b>Immunisation</b>                | Process of inducing immunity to an infectious agency by administering a vaccine.   |
| <b>Incidence</b>                   | Number of new cases of a condition occurring within a given population, over a certain period of time.   |
| <b>Indigenous health worker</b>    | An Aboriginal and/or Torres Strait Islander person who holds the specified qualification and works within a primary healthcare framework to improve health outcomes for Indigenous Australians.  |
| <b>Long wait</b>                   | A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for a category 1 patient, more than 90 days for a category 2 patient and more than 365 days for a category 3 patient.  |
| <b>Nurse Navigator</b>             | Highly experienced nurses who have an in-depth understanding of the health system and who will assist patients with complex healthcare needs to navigate   |



## Glossary of terms (continued)

to and from their referring general practitioner and/or other primary care providers, through hospital, the community and back home again.

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**Nurse practitioner**

A registered nurse educated and authorised to function autonomously and collaboratively in an advanced and extended clinical role. The nurse practitioner role includes assessing and managing clients using nursing knowledge and skills and may include, but is not limited to, direct referral of clients to other healthcare professionals, prescribing medications, and ordering diagnostic investigations.

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**Outpatient**

Non-admitted health service provided or accessed by an individual at a hospital or health service facility.

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**Outpatient service**

Examination, consultation, treatment or other service provided to non-admitted non-emergency patients in a speciality unit or under an organisational arrangement administered by a hospital.

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**Patient flow**

Optimal patient flow means the patient's journey through the hospital system, be it planned or unplanned, happens in the safest, most streamlined and timely way to deliver good patient care.

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**Performance indicator**

A measure that provides an 'indication' of progress towards achieving the organisation's objectives and usually has targets that define the level of performance expected against the performance indicator.

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**Private hospital**

A private hospital or free-standing day hospital, and either a hospital owned by a for-profit company or a non-profit organisation and privately funded through payment for medical services by patients or insurers. Patients admitted to private hospitals are treated by a doctor of their choice.

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**Public patient**

A public patient is one who elects to be treated as a public patient, so cannot choose the doctor who treats them, or is receiving treatment in a private hospital under a contract arrangement with a public hospital or health authority.

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|-------------------------------|--|
| <b>Public hospital</b>        | Public hospitals offer free diagnostic services, treatment, care and accommodation to eligible patients.   |
| <b>Registered nurse</b>       | An individual registered under national law to practice in the nursing profession as a nurse, other than as a student.   |
| <b>Statutory bodies</b>       | A non-departmental government body, established under an Act of Parliament. Statutory bodies can include corporations, regulatory authorities and advisory committees/councils.  |
| <b>Sustainable</b>            | A health system that provides infrastructure, such as workforce, facilities and equipment, and is innovative and responsive to emerging needs, for example, research and monitoring within available resources.  |
| <b>Weighted Activity Unit</b> | A standard unit used to measure all patient care activity consistently. The more resource intensive an activity is, the higher the weighted activity unit. This is multiplied by the standard unit cost to create the 'price' for the episode of care. |



# Compliance checklist

## Appendix 4

|  | Summary of requirement   | Basis for requirement   | Annual report reference |
|--|--|---|-------------------------|
| <b>Letter of compliance</b>                            | <ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul> | ARRs – section 7  | 3                       |
| <b>Accessibility</b>                                   | <ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>  | ARRs – section 9.1  | 3<br>106                |
|  | <ul style="list-style-type: none"> <li>Public availability</li> </ul>  | ARRs – section 9.2  | 2                       |
|  | <ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>  | <i>Queensland Government Language Services Policy</i><br>ARRs – section 9.3 | 2                       |
|  | <ul style="list-style-type: none"> <li>Copyright notice</li> </ul>   | <i>Copyright Act 1968</i><br>ARRs – section 9.4                             | 2                       |
|  | <ul style="list-style-type: none"> <li>Information Licensing</li> </ul>  | <i>QGEA – Information Licensing</i><br>ARRs – section 9.5                   | 2                       |
| <b>General information</b>                             | <ul style="list-style-type: none"> <li>Introductory Information</li> </ul>   | ARRs – section 10.1   | 4                       |
|  | <ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>   | ARRs – section 10.2   | 4                       |
|  | <ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>  | ARRs – section 31 and 32  | (if applicable)         |
|  | <ul style="list-style-type: none"> <li>Operating environment</li> </ul>  | ARRs – section 10.3   | 7                       |
| <b>Non-financial performance</b>                       | <ul style="list-style-type: none"> <li>Government's objectives for the community</li> </ul>  | ARRs – section 11.1   | 10                      |
|  | <ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>   | ARRs – section 11.2   | 10                      |
|  | <ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>   | ARRs – section 11.3   | 25                      |
|  | <ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>   | ARRs – section 11.4   | 26                      |
| <b>Financial performance</b>                           | <ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>   | ARRs – section 12.1   | 22                      |
| <b>Governance – management and structure</b>           | <ul style="list-style-type: none"> <li>Organisational structure</li> </ul>   | ARRs – section 13.1   | 52                      |
|  | <ul style="list-style-type: none"> <li>Executive management</li> </ul>   | ARRs – section 13.2   | 52                      |
|  | <ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>  | ARRs – section 13.3   | 5                       |
|  | <ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994</i></li> </ul>   | <i>Public Sector Ethics Act 1994</i><br>ARRs – section 13.4                 | 61                      |
|  | <ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>   | ARRs – section 13.5   | 10                      |
| <b>Governance – risk management and accountability</b> | <ul style="list-style-type: none"> <li>Risk management</li> </ul>  | ARRs – section 14.1   | 57                      |
|  | <ul style="list-style-type: none"> <li>Audit committee</li> </ul>  | ARRs – section 14.2   | 50                      |
|  | <ul style="list-style-type: none"> <li>Internal audit</li> </ul>   | ARRs – section 14.3   | 58                      |

| Summary of requirement       |   | Basis for requirement  | Annual report reference                                       |
|------------------------------|---|--|---|
|                              | <ul style="list-style-type: none"> <li>External scrutiny</li> </ul>                             | ARRs – section 14.4  | 57  |
|                              | <ul style="list-style-type: none"> <li>Information systems and recordkeeping</li> </ul>         | ARRs – section 14.5  | 59  |
| Governance – human resources | <ul style="list-style-type: none"> <li>Strategic workforce planning and performance</li> </ul>  | ARRs – section 15.1  | 38  |
|                              | <ul style="list-style-type: none"> <li>Early retirement, redundancy and retrenchment</li> </ul> | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i><br>Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016)<br>ARRs – section 15.2 | 38  |
| Open Data                    | <ul style="list-style-type: none"> <li>Statement advising publication of information</li> </ul> | ARRs – section 16  | 61  |
|                              | <ul style="list-style-type: none"> <li>Consultancies</li> </ul>                                 | ARRs – section 33.1  | <a href="https://data.qld.gov.au">https://data.qld.gov.au</a> |
|                              | <ul style="list-style-type: none"> <li>Overseas travel</li> </ul>                               | ARRs – section 33.2  | <a href="https://data.qld.gov.au">https://data.qld.gov.au</a> |
|                              | <ul style="list-style-type: none"> <li>Queensland Language Services Policy</li> </ul>           | ARRs – section 33.3  | <a href="https://data.qld.gov.au">https://data.qld.gov.au</a> |
| Financial statements         | <ul style="list-style-type: none"> <li>Certification of financial statements</li> </ul>         | FAA – section 62<br>FPMS – sections 42, 43 and 50<br>ARRs – section 17.1   | 100   |
|                              | <ul style="list-style-type: none"> <li>Independent Auditor's Report</li> </ul>                  | FAA – section 62<br>FPMS – section 50<br>ARRs – section 17.2   | 101   |

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

# Notes to Service Performance Statement

## Appendix 5

1. The 2017–18 Estimated Actual figures are based on actual performance from 1 July 2017 to 30 April 2018. A Target/Estimate for percentage of emergency department patients seen within recommended timeframes is not included in the 'All Categories' as there is no national benchmark. Queensland public hospital emergency departments face ongoing increases in demand, with an average 1.3 per cent annual increase in emergency department attendances, which has an effect on emergency department performance.
2. This is a measure of access and timeliness of emergency department services. The 2017–18 Estimated Actual figures are based on actual performance from 1 July 2017 to 30 April 2018.
3. This is a measure of effectiveness that shows how hospitals perform in providing elective surgery services within the recommended timeframe for each urgency category. The 2017–18 Estimated Actual figures are based on actual performance from 1 July 2017 to 30 April 2018.
4. This is a National Performance Agreement indicator and a measure of effectiveness of infection control programs and services in hospitals. Staphylococcus aureus are bacteria commonly found on around 30 per cent of people's skin and noses and often cause no adverse effects. Infections with this organism can be serious, particularly so when they infect the bloodstream. The data reported for this service standard are for bloodstream infections with Staphylococcus aureus (including methicillin resistant Staphylococcus aureus) and are reported as a rate of infection per 10,000 patient days. The Target/Estimate for this measure aligns with the national benchmark of 2 cases per 10,000 acute public hospital patient days for each jurisdiction. The 2017–18 Estimated Actual figures are based on actual performance from 1 July 2017 to 31 March 2018.
5. This is a measure of access to, and timeliness of the community support system that is in place for persons who have experienced an acute psychiatric episode requiring hospitalisation. The 2017–18 Estimated Actual is for the period 1 July 2017 to 31 January 2018. Queensland has made significant progress in improving the rate of community follow up over the past five years. Increased pressure on community and inpatient mental health services has seen increases in readmission rates and is impacting the rate of follow up.
6. This is a measure of the proportion of patients readmitted to an Acute Mental Health inpatient unit within 28 days of discharge. The 2017–18 Estimated figure is based on actual results as at 30 April 2018.
7. This is a measure of effectiveness that shows the percentage of patients who are waiting to have their first appointment (from the time of referral) with the health professional in an outpatient clinic, within the clinically recommended time. The 2017–18 Estimated Actual figure is based on patients waiting as at 30 April 2018.
8. This is a measure of effectiveness that indicates the percentage of specialist outpatients seen within clinically recommended times during the reporting period. The 2017–18 Estimated actual figures are based on actual performance from 1 July 2017 to 30 April 2018.
9. This measure indicates the midpoint (median) of time for which patients waited in the emergency department (for all categories), from the time of presentation to being seen by a nurse or doctor (whichever was first). The 2017–18 Estimated Actual figure is based on actual performance from 1 July 2017 to 30 April 2018.
10. This is a measure of effectiveness that reports on the midpoint (median) of days for which patients wait before undergoing elective surgery. The 2017–18 Estimated Actual figure is based on actual performance from 1 July 2017 to 30 April 2018.
11. A Weighted Activity Unit (WAU) is a measure of activity and provides a common unit of comparison so that all activity can be measured consistently. Service agreements between the Department of Health and HHSs and other organisations specify the activity to be provided in WAUs by service type. The 2017–18 Estimated Actual

figure reflects 1 July to 31 December 2017 activity based costs and actual activity based funded activity. The 2017-18 Target/Estimate reflects the activity based funding less Clinical Education and Training and Specified Grants and activity within the finance and activity schedules of the 2017-18 Final Round Service Agreements Contract Offers. 2017-18 Target/Estimate for cost per Queensland WAU includes HHS activity forecast over delivery in 2016-17, funded by the Commonwealth at a marginal rate of 45 per cent. As a result, funding per Queensland WAU in 2017-18 is generally lower than the 2016-17 Target/Est cost per Queensland WAU. The impact of this is partially offset in some HHSs due to changes in Own Source Revenue classification between 2016-17 and 2017-18, and non-Queensland WAU investments. 2017-18 Est Actual cost per Queensland WAU is a point in time measure which includes the first 6 months of HHS expenditure and activity. It includes the impact of one-off investments in 2017-18.

12. This is a measure of activity of the number of elective surgery patients treated within clinically recommended timeframes. The 2017-18 Estimated Actual figures are based on 10 months of actual performance from 1 July 2017 to 30 April 2018.
13. This measure tracks the growth in occasions of service for Telehealth enabled outpatient services. These services support timely access to contemporary specialist services for patients from regional, rural and remote communities, supporting the reduction in wait times and costs associated with patient travel.
14. The 2017-18 Estimated Actual figure for Telehealth service events is based on actual performance from 1 July 2017 to 30 April 2018 forecast out over 12 months.
15. The 2017-18 Estimated Weighted Activity Units (WAUs) are based on 2017-18 Queensland WAU forecasts as provided by HHSs. 2017-18 Target/Estimate figures are based on the 2017-18 Final Round Service Agreements Contract Offers. All activity is reported in the same phase - Activity Based Funding (ABF) model Q19. 'Total WAUs - Interventions and procedures' has been reallocated to 'Total WAUs - Acute Inpatient Care' and 'Total WAUs - Outpatient Care' service standards. 'Total WAUs - Prevention and Primary Care' is comprised of BreastScreen and Dental WAUs. 'Total WAUs - Prevention and Primary Care' is a new measure for the Service Delivery Statement, however, it has been included in the HHS Service Agreements since 2016-17. Purchased Queensland WAUs in 2017-18 for Prevention and Primary Care are lower due to one off investments in Oral Health in 2016-17 and National Partnership Agreement (NPA) funding not yet allocated.
16. Ambulatory Mental Health service contact period counts the number of in-scope service contact hours attributable to each HHS, based on the national definition and calculation of service contacts and duration. The Estimated Actuals for 2017-18 are for the period 1 July 2017 to 31 March 2018. It is important to note that not all activity of ambulatory clinicians is in-scope for this measure, with most review and some service coordination activities excluded. In addition, improvements in data quality have contributed to the result, with the data more accurately reflecting way in which services are delivered. The Target/Estimate for this measure is determined using a standard formula based upon available clinical staffing, HHS rurality, and historical performance.
17. The targets for these measures have been set to be consistently calculated and are considered a stretch for many services.

