Townsville Hospital and Health Service

ANNUAL REPORT

2024–2025

DELIVERING FOR QUEENSLAND

Queensland Government

Information about consultancies, overseas travel, the Queensland Language Services Policy and the Charter of Victims' Rights is available at the Queensland Government Open Data website https://www.data.qld.gov.au

An electronic copy of this report is available at www.townsville.health.qld.gov.au and www.townsville.health.qld.gov.au/about-us/strategies-and-publications/

The Queensland Government is committed to providing accessible information and services to Queenslanders from all cultural and linguistic backgrounds. To talk to someone about the Townsville Hospital and Health Service Annual Report in your preferred language call 4433 1111 and ask to speak with the Interpreter Services team.

This annual report is licensed by the State of Queensland (Townsville Hospital and Health Service) under a Creative Commons Attribution (CC BY) 4.0 International licence.

You are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (Townsville Hospital and Health Service). To view a copy of this licence, visit https://creativecommons.org/licenses/by/4.0/

Content from this annual report should be attributed as: State of Queensland (Townsville Hospital and Health Service) Annual Report 2024-2025.

© Townsville Hospital and Health Service 2025

ISSN 2202-4972 (print) ISSN 2206-6330 (online)

Aboriginal and Torres Strait Islander people are advised that this publication may contain words, names, images and descriptions of people who have passed away.

Acknowledgement of Country

We acknowledge the Traditional and Cultural Custodians of the lands, waters and seas on which our health facilities are placed. We pay our respects to Elders past and present and recognise the role of current and emerging leaders in shaping a better health system. We acknowledge First Nations peoples in north Queensland are both Aboriginal peoples and Torres Strait Islander peoples, and support the cultural knowledge, determination and commitment of Aboriginal and Torres Strait Islander communities in caring for the health and wellbeing of First Nations peoples for millennia.

The Townsville Hospital and Health Service is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters, and seas and their rich contribution to society.

The Townsville Hospital and Health Service is proud to recognise and celebrate the cultural diversity of our communities and workforce at the following locations:

Location - Traditional Custodians
Townsville - Bindal (Birri Gubba) and Gurrumbilbarra Wulgurukaba
Palm Island - Manbarra & Bwgcolman (historical)
Ayr / Home Hill - Bindal/Juru (Birri Gubba)
Charters Towers - Gudjal
Ingham - Nywaigi Warrgamay Bandjin
Cardwell - Girramay
Richmond - Wanamara / Woolgar Valley
Hughenden - Yerunthully

Health Equity

The Townsville Hospital and Health Service is committed to delivering equitable access to high-quality healthcare for all. We are actively working to build respectful, inclusive relationships with Aboriginal and Torres Strait Islander peoples and their communities. The Townsville Hospital and Health Service remains steadfast in its commitment to achieving health equity and life-expectancy parity for Aboriginal and Torres Strait Islander peoples by 2031, in alignment with national Closing the Gap targets.

Recognition of Australian South Sea Islanders

The Townsville Hospital and Health Service recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. The Townsville Hospital and Health Service is committed to fulfilling the Queensland Government Recognition Statement: to ensure that present and future generations of Australia South Sea Islanders have equality of opportunity to participate in and contribute to the economic, social, political and cultural life of the State.

Letter of Compliance

2 September 2025

The Honourable Timothy Nicholls MP
Minister for Health and Ambulance Services
GPO Box 48
Brisbane Qld 4001

Dear Minister

I am pleased to submit, for presentation to the Parliament, the Annual Report 2024-2025 and financial statements for the Townsville Hospital and Health Service.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government agencies.*

A checklist outlining the annual reporting requirements is provided at page 93 of this annual report.

Yours sincerely

Tony Mooney AM FAICD
Chair
Townsville Hospital and Health Board

CONTENTS

Queensland Government objectives for the community **6**

Message from the Board Chair **7**

Message from the Health Service Chief Executive **8**

About us **9**

- Strategic direction 9
- Vision, Purpose, Values 9
- Priorities 9
- Aboriginal and Torres Strait Islander Health 10
- Our community-based and hospital-based services 12
- Challenges and opportunities 13

Governance **14**

- Our people 14
  - Board membership 14
  - Board committees 18
  - Executive management 19
  - Organisational structure and workforce profile 20
  - Strategic workforce planning and performance 22
  - Early retirement, redundancy and retrenchment 23
- Our risk management 23
  - Enterprise Risk Management 23
  - Internal audit 23
  - External scrutiny 24
  - Information systems and recordkeeping 25
  - Queensland Public Service ethics and values 25
  - Human Rights 25
  - Confidential information 26

Performance **27**

- Non-financial performance 27
- Service standards 29
- Financial summary 31

Financial statements **36**

Glossary **92**

Compliance checklist **93**

Queensland Government objectives for the community

The *Townsville Hospital and Health Service Strategic Plan 2022-2026 (2025 review)* contributes, and is continuing to contribute, to the Queensland Government objectives for the community:

- Safety where you live
- Health services when you need them
- A better lifestyle through a stronger economy
- A plan for Queensland's future.

Restoring health services when Queenslanders need them most through:

- Transparent and targeted investment with real-time data
- Boosting frontline health services
- Driving resources where they're needed most
- Improving our EDs
- Reopening regional maternity wards
- Fast-tracking access to elective surgeries helping patients to be seen faster.

Message from the Board Chair

I'm pleased and proud to present the Townsville Hospital and Health Service (HHS) Annual Report 2024-2025.

This report recognises and celebrates the outstanding care we have delivered to hundreds of thousands of people across our vast footprint in the past year.

Last December, as part of the Clinical Services Upgrade at Townsville University Hospital (TUH), we celebrated the opening of the $6.6 million diabetes and endocrine outpatients' unit, an expanded and shared space for children and adults, co-designed with patients and consumers. The space is reflective in its look and feel of north Queensland's uniqueness, connecting people to place and, for our First Nations patients, to Country. This development serves as a reminder that creating a healthcare environment with its users, and reflecting inclusivity, delivers better, safer health outcomes.

In January, the local BreastScreen team took delivery of the mobile van, Lilly Pilly 2, from the Minister for Health and Ambulance Services, the Honourable Tim Nicholls, increasing access to life-saving screening services to 28 more sites across north and north-west Queensland. A month later, the Minister joined us for the opening of the refurbished $4.4 million North Queensland Persistent Pain Service at TUH with new consulting rooms, expanded procedure room, and more recovery and day-infusion beds, changing the lives of people living with chronic, debilitating pain.

Mid-year, we celebrated the opening of the $17 million hybrid theatre at TUH which combines surgical and medical imaging capabilities and has the potential to support 40 new procedures each week; this is a major milestone in helping to reduce elective surgery waits.

While reflecting on the many successes of the past year, I'm also excited for our future. We look forward to reigniting the capital expansion of TUH as part of the Queensland Government's blueprint to bring 163 new beds to the city. Meanwhile, the multimillion-dollar refurbishment of the Kirwan Health Campus has been well advanced in 2024-2025. Extensive planning has been undertaken this year to prepare for the opening of regional Australia's first kidney transplant service. We are also redoubling our efforts to attract the best and brightest to build our renowned workforce.

I would like to thank my fellow Board members who remain committed to our strategic objectives of growing healthcare services, championing innovation and research, and putting the wellbeing of individuals, families, and communities at the top of their list of priorities.

I also offer my sincere thanks to Health Service Chief Executive (HSCE) Kieran Keyes whose steady stewardship has seen the health service grow its service provision and achieve our vision and purpose.

Finally, a heartfelt thanks to our staff. Everything we do, and everything we are, comes down to them. They care for, and support the care of, the people of our region with empathy, compassion, and the highest level of skill. They have my greatest admiration and appreciation.

Tony Mooney AM FAICD
Chair Townsville Hospital and Health Board

Message from the Health Service Chief Executive

I often reflect that I have a role that offers many rarities in professional life and the most profound of these is the ability to make a difference to the lives of the people in our region.

Last year, our health service cared for more people than ever before setting new bars for patient services, telehealth, care in the community, public health, and health surveillance. We continued to pursue excellence and innovation through initiatives such as interventional neuroradiology where clinicians treated a leak in a patient's spinal cord by using an endovascular technique, the first time this procedure has been performed in Queensland.

We helped north Queenslanders reclaim their independence with the launch of the Brain Injury Community Integration Service, our care of stroke patients was recognised with a prestigious World Stroke Organisation award for meeting the highest standards of stroke care, and we pioneered a rapid-access lung cancer clinic at TUH that has cut treatment times by up to 80 per cent.

In February this year, the capricious north Queensland weather delivered a severe monsoon trough that resulted in catastrophic flooding in Ingham. The wonderful team at the Ingham Health Service bunkered down at the hospital for a week, in parlous conditions, not only continuing to provide great care but creating a safe harbour for displaced, scared, and vulnerable locals who were facing the loss of homes and livelihoods. Similar challenges were faced and met by the staff at the Joyce Palmer Health Service on Palm Island. The Health Incident Management team, based at TUH during the event, supported the repatriation of renal patients from Ingham as well as supporting logistics and subbing staff in for fatigued staff on the ground. The way our health service comes together in times of crisis is the stuff of legend.

There are many people to thank for the successes of 2024-2025. Firstly, my thanks to Board Chair Tony Mooney for his support of what we do and his commitment to the betterment of healthcare in our region. He is ably supported by an invested Board which guides our strategic intent.

I would also like to thank my executive and broader leadership team for their collective support of me as Chief Executive and their commitment to their portfolios.

My final and deepest thanks are reserved for our 7,000 staff, spread right across our health service. They are the reason we deliver for our communities each hour, each day. They are second to none.

Professor Kieran Keyes

Health Service Chief Executive
Townsville Hospital and Health Service

ABOUT US

Townsville HHS is the public healthcare provider for more than 250,000 people living in northern Queensland. The catchment extends north from Townsville to Cardwell, west to Richmond, south to Home Hill, and east to Magnetic and Palm Islands.

The HHS operates 17 facilities, and provides a comprehensive range of healthcare services, from primary care in remote locations, to highly specialised services at TUH. Townsville University Hospital is the tertiary referral hospital for the whole of north Queensland, which has the added role of providing specialist care to more than 700,000 people in a broader catchment extending from Mackay in the south, north to the Torres Strait Islands, and west to the Northern Territory border.

The Hospital and Health Service is an independent statutory body established under the *Hospital and Health Boards Act 2011.*

Strategic direction

The *Townsville Hospital and Health Service Strategic Plan 2022-2026* (2025 review) outlines the strategic direction of the organisation, including its vision, purpose, values, strategic priorities, and success measures.

Vision, purpose and values

Vision

World-class healthcare for northern Queensland

Purpose

Great care every day

Values

The Townsville HHS's values underpin, and are consistent with, the Queensland Public Service values of customers first, ideas into action, unleash potential, be courageous and empower people.

- Integrity
- Compassion
- Accountability
- Respect
- Engagement.

Priorities

The strategic plan's priorities are based on:

- Improving patient experience
- Enhancing patient outcomes
- Better value care
- Improving staff experience.

Aboriginal and Torres Strait Islander Health

The Townsville HHS is committed to achieving health equity and eliminating institutional racism in healthcare. Guided by our Health Equity Strategy and the National Agreement on Closing the Gap, we are working in partnership with Aboriginal and Torres Strait Islander peoples and organisations to reform how care is designed, delivered, and governed.

In 2024–2025, the HHS focused on embedding structural change through culturally responsive models of care, stronger local governance, inclusive workforce strategies, and transparent reporting. Our actions reflect the priorities of Aboriginal and Torres Strait Islander communities across north Queensland and are grounded in self-determination, cultural integrity, and accountability. The HHS recognises that meaningful progress relies on genuine partnerships, shared decision-making, and a health system that respects and reflects the diversity and strengths of First Nations peoples.

Key achievements for 2024-2025 include:

Governance and strategic oversight:

- executive champions were trained and assigned across service groups to lead equity and inclusion activities aligned with key performance indicators and organisational priorities
- cultural governance mechanisms were strengthened through regular and structured reporting through safety and quality data analytics and Making Tracks reporting to align with health equity key performance measures
- regular Aboriginal and Torres Strait Islander staff forums were embedded as an ongoing cultural governance mechanism, with attendance consistently exceeding 100 staff
- review and redesign of the Indigenous Health Service Division, including role and scope analysis of all positions to better utilise resources to support patients and community.

Service access and clinical integration:

The First Nations Patient Journey Hub expanded to support:

- Aboriginal and Torres Strait Islander Emergency Department presentations who did not wait or self-discharged, with 38.32 per cent of those involved successfully re-engaged since January 2025 with primary care or community supports
- stronger partnerships with community health organisations and discharge planning teams to promote continuity of care
- Outpatient Indigenous Health Liaison Officer (IHLO) Support Program extended to additional departments including allied health, mental health and specialist clinics. The program includes:
  - two dedicated staff; one IHLO and one Aboriginal Health Worker
  - reduction in First Nations outpatient Missed Opportunity to Treat rates in participating clinics
  - First Nations Information Folder/Packs, co-developed with the Townsville Aboriginal and Islander Health Service and General Practice Liaison Officer, to utilise in clinical areas, discharge education and care planning
  - development of a clinical pocket guide lanyard to prompt considerations for culturally safe care for Aboriginal and Torres Strait Islander patients.

Workforce development and inclusion:

- Aboriginal and Torres Strait Islander workforce participation increased to 4.3 per cent, continuing to progress toward the 6.6 per cent target
- development and implementation of Journey Learn model of training to provide culturally safe and supported on-the-job learning
- partnered with TAFE North Queensland and Townsville HHS stakeholders to develop a localised traineeship program providing culturally safe and supported on-the-job learning, combined with TAFE block release for theoretical learning. Recruitment has commenced for six health worker trainees

- progressing four new trainees in the Aboriginal and Torres Strait Islander administration traineeship program, with positions in surgical, oncology, and women's and children's areas and in the Indigenous Health Service Division
- eight First Nations cadets placed in nursing (two) and allied health (six) under the First Nations Statewide Cadetship Program
- commencement of a new dental assistant traineeship and an identified allied health assistant, both completing the Deadly Start school-based traineeships
- commencement of a further 14 Deadly Start trainees, including placements in rural sites
- development and implementation of human resource processes regarding recruitment to identified positions
- development of alternative recruitment and application processes across the HHS to champion cultural safety.

Cultural capability and health equity action:

- Cultural Capability Program (face-to-face) participation reached 70.2 per cent of the workforce, with expansion into remote facilities and cross-agency delivery with Queensland Ambulance Service and Retrieval Services
- welcome letter developed and embedded in onboarding processes and health equity and anti-racism commitments embedded in all position descriptions and reflected in recruitment and induction materials.

Community engagement and cultural recognition:

- NAIDOC Committee active across 2025 with 88 nominations for NAIDOC Week awards
- significant events promoted across multiple sites throughout the year
- inaugural Health Equity Showcase coordinated as a community event bringing together multiple programs and community organisations as an opportunity to collaborate and co-design with community
- Development of a framework for Yarning
- re-design of multiple information collateral and promotional material to champion equity by supporting consumers in navigating HHS systems.

In the coming year, the Townsville HHS will continue to partner with Aboriginal and Torres Strait Islander peoples to co-design models of care that respond to community needs, uphold cultural rights, and improve health outcomes. By embedding health equity into every part of our organisation, the HHS aims to deliver a health system that is free of racism, grounded in cultural safety, and driven by the community voice.

Our Facilities

- Ayr Health Service
- Cambridge Street Facility
- Charters Towers Health Service
- Charters Towers Rehabilitation Unit
- Eventide Residential Aged Care
- Home Hill Health Service
- Hughenden Multipurpose Health Service
- Ingham Health Service
- Joyce Palmer Health Service
- Kirwan Health Campus
- Magnetic Island Health Service
- North Ward Health Campus
- Palmerston Street Facility
- Parklands Residential Aged Care
- Richmond Multipurpose Health Service
- Townsville Public Health Unit
- Townsville University Hospital Campus

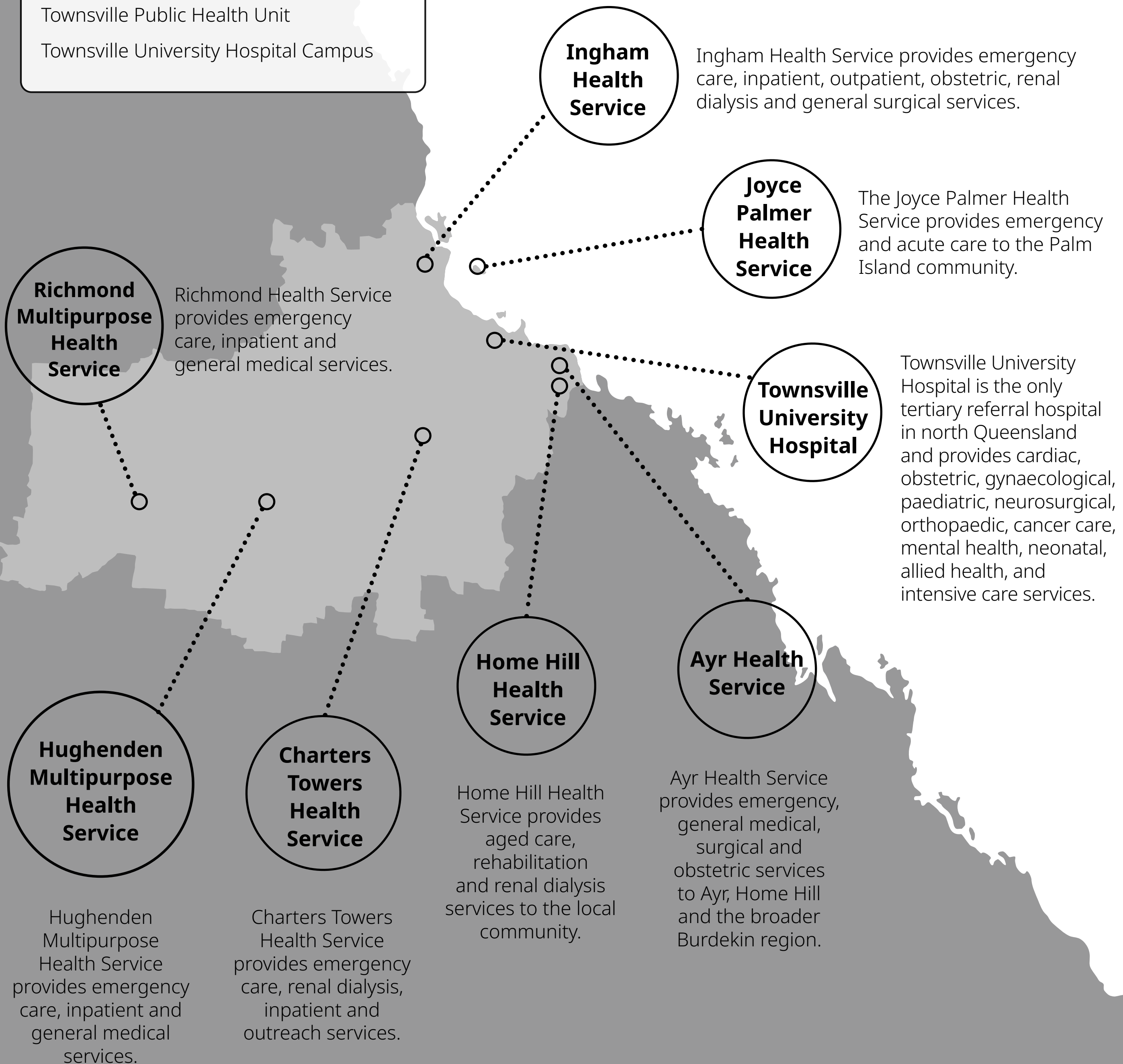
Our community-based and hospital-based services

The Townsville Hospital and Health Service comprises 17 facilities across its catchment: 15 hospitals and community health campuses and two residential aged care facilities.

Carparking concessions

The Townsville HHS offers car parking concessions to eligible patients, carers, immediate family members, and volunteers at TUH.

In 2024-2025, 2,887 concessional car parking applications valued at $94,660 were approved.



Challenges and opportunities

Key challenges experienced by the HHS include:

Increasing demand

- Like health service providers nationally, the Townsville HHS is experiencing rapid demand growth. This is being driven by a range of factors including population growth, population ageing, rising disease prevalence, private market limitations, and increased treatment options and utilisation.

Insufficiency of supporting sectors

- Limited access to primary care, disability services, and residential aged care is causing a significant number of patients to attend and remain in hospital who would be better cared for in alternative settings. This diverts limited resources away from acute care needs and adversely impacts system efficiency.

Rising complexity

- The increasing age and disease burden of patients, coupled with technological and other advances, is making patient care more complex than ever before.

Workforce attraction and retention

- Demographic shifts, housing availability, global workforce shortages, and the challenge of attracting people to regional and remote areas, is making it extremely difficult to recruit and sustain the required workforce.

System fragmentation

- Healthcare is delivered through multiple levels of government, private providers, and other organisations. Each party has a critical role to play. It can be challenging to achieve the necessary integration between providers for optimal outcomes.

Major opportunities include:

Capital expansion

- Significant government funding to expand several health facilities over the coming years will greatly improve the ability of the organisation to meet demand and improve the experience of patients.

Transformation

- Moving forward, the HHS will modernise its service delivery by focussing on earlier intervention, providing more care outside the hospital, leveraging virtual care and other technology, and having a greater emphasis on multidisciplinary care models designed with the patient at the centre.

Being an employer of choice

- The HHS will look to leverage future-focussed workforce planning, pipeline development, top-of-scope practice, optimised employee engagement and culture, and positive branding and positioning.

Leading efforts to achieve health equity for First Nations people

- In the Townsville HHS, 9.3 per cent of people are Aboriginal and/or Torres Strait Islander, which is more than double the Queensland average. The HHS, therefore, has a major responsibility to take meaningful steps to Close the Gap.

Partnering and joint commissioning

- The HHS has many partnerships that are critical to its success and the health of the community. These partnerships will be built upon and leveraged in the coming years. These include partnering with private and non-government sectors to increase capacity, developing networked models of care with other HHSs, and joint local planning and funding with the primary health network.

GOVERNANCE

Our People

Board membership

Tony Mooney AM
Board Chair

BEd-BA (Hons), FAICD
Appointed: 18 May 2016
Current Term: 1 April 2024 to 31 March 2028

Tony Mooney AM has served as Chair of the Townsville Hospital and Health Board since May 2016. He is also Chair of the Board Executive Committee and member of the Audit and Risk, Finance, Safety and Quality, and Stakeholder Engagement Committees. Tony holds director roles with the Tropical Australian Academic Health Centre, Brighter Lives, North Queensland Bulk Ports, and NQ Spark.

A former Mayor of Townsville (1989–2008), Tony was appointed a Member of the Order of Australia in 2011 for his service to local government and the community. He is a Fellow of the Australian Institute of Company Directors and a life member of Townsville Enterprise. His previous board roles include Ergon Energy, LG Super, and the Great Barrier Reef Marine Park Authority.

Tony is committed to strengthening public health governance and ensuring high-quality healthcare services for North Queensland communities.

Michelle Morton
Deputy Chair

LLB (Hons), Solicitor (Qld & Australia), FAICD
Appointed: 29 June 2012
Current Term: 1 April 2024 to 31 March 2026

Michelle Morton is the Deputy Chair of the Townsville Hospital and Health Board and Chair of the Finance Committee. She is Managing Partner of a regional legal practice and a Fellow of the Australian Institute of Company Directors. Michelle holds specialist accreditations in Workplace Relations and Personal Injuries Law.

Her governance experience includes roles with the National Injury Insurance Scheme Queensland and Chair of the Townsville Fire Ltd. Michelle brings deep expertise in legal compliance, financial oversight, and organisational risk management.

Michelle is passionate about equitable access to healthcare and using her governance and legal expertise to support the delivery of strategic health outcomes in the region.

Debra Burden
Board Member

BBus (Acc & Bus Mng), FAICD, FIML
Appointed: 18 May 2016
Current Term: 1 April 2024 to 31 March 2028

Debra Burden is the Chair of the Townsville Hospital and Health Board Audit and Risk Committee. She is Chief Executive Officer of selectability and an award-winning executive with a background in health, finance, and community services. She is a Fellow of both the Australian Institute of Company Directors and the Institute of Managers and Leaders.

Debra has held Chief Executive Officer roles at Queensland Country Credit Union and Health Fund, and 1300SMILES. She currently chairs Regional Development Australia Townsville and North West Queensland and serves on the Ageing Australia National/Queensland State Membership Council.

Debra is dedicated to improving the wellbeing of people in regional, rural, and remote Queensland, particularly in aged care and mental health.

Luke Guazzo
Board Member

BCom, CPA, GAICD
Appointed: 1 April 2022
Current Term: 1 April 2022 to 31 March 2026

Luke Guazzo is a Certified Practising Accountant with extensive experience in health and property sectors. He has held executive roles including Chief Executive Officer of Northern Australia Primary Health Ltd and Chief Finance Officer at Cootharinga North Queensland and Lancini Property Group.

Luke serves on risk, audit and finance committees for the CRC for Developing Northern Australia and Townsville Enterprise.

A north Queensland local, Luke is passionate about health equity and community wellbeing and also supports local enterprise through his family-run coffee roasting business.

Nicole Hayes
Board Member

BEd, MBA, GAICD
Appointed: 18 May 2019
Current Term: 1 April 2024 to 31 March 2028

Nicole Hayes is the Chair of the Townsville Hospital and Health Board Stakeholder Engagement Committee. She is the Chief Executive Officer of Northern Queensland Legacy and has a strong background in education, stakeholder engagement, and project management. She holds an MBA, a Bachelor of Education, and is a Graduate of the Australian Institute of Company Directors.

Nicole serves on the Queensland Veterans' Council and co-chairs the Veterans' Reference Group. Her previous roles span education, infrastructure, and health sectors.

Nicole is committed to delivering patient-centred care and ensuring Townsville Hospital and Health Service facilities are inclusive, respectful, and responsive to community needs.

Professor Kunwarjit Sangla
Board Member

MBBS, MD, FRACP, GAICD, SOMANZ Certificate
Appointed: 1 April 2024
Current Term: 1 April 2024 to 31 March 2026

Professor Kunwarjit Sangla is a Medical Director for Medical Service Group (Townsville HHS), Pre-eminent Staff Specialist and Professor (adjunct) of Medicine at James Cook University.

He has also been the Medical Director of the Rural Hospitals Service Group and acted as Chief Medical Officer and Medical Director for Surgical Service Group at the Townsville HHS. He is a Senior Examiner for the Royal Australasian College of Physicians (RACP). He received the Rural Services Medal from RACP in 2015 and Townsville HHS NAIDOC Week award in 2019.

He has credentials as an Internal Medicine Physician, Endocrinologist and Obstetric Medicine Physician. He has provided face-to-face specialist clinics in many rural and remote areas of Queensland for more than two decades. He has an active research portfolio and is a reviewer for national and international journals and research grants.

Graham Pattel
Board Member

AD (Bus Admin and Mng)
Appointed: 1 April 2024
Resigned: 28 October 2024

Graham Pattel is a member of the Board of the Aboriginal and Torres Strait Islander Legal Service Qld Ltd. He is a former youth worker at the Cleveland Youth Detention Centre and Chairperson of both the Bundaberg Justice Corporation and Townsville Community Justice Group. He was a researcher for the Royal Commission into Aboriginal Deaths in Custody, established by former Prime Minister Bob Hawke in 1987 to investigate the causes of deaths of Aboriginal people held in state and territory jails.

Graham served on the Board from April 2024 to October 2024 and during this period brought skills and passion for youth, equity, community service, and justice to the role.

Dr Erin Waters
Board Member

MBBS, FRACGP, BSc, MMed, DCH, GAICD
Appointed: 1 April 2024
Current Term: 1 April 2024 to 31 March 2026

Dr Erin Waters is Director of Medical Services at the Townsville Aboriginal and Islander Health Service and Specialist General Practitioner with 22 years' clinical experience. She is a fellow of the Royal Australian College of General Practitioners, experienced medical educator and senior lecturer with the University of Queensland's school of medicine.

Erin serves on the Medical Board of Australia (Queensland) and the Northern Queensland Primary Health Network Clinical Governance Committee.

Erin is a strong advocate for health equity and accessible, safe, and future-ready public health services that meet the diverse needs of local communities.

Georgina Whelan
Board Member

BN, RN, MBA, GAICD
Appointed: 18 May 2020
Current Term: 1 April 2024 to 31 March 2028

Georgina Whelan is the Chair of the Townsville Hospital and Health Board Safety and Quality Committee. She is the Site Manager at Icon Cancer Centre Townsville and a registered nurse with over 30 years' clinical and leadership experience. Georgina holds an MBA and is a Graduate of the Australian Institute of Company Directors.

Georgina has served in advisory roles with the Townsville Local Disaster Management Group and Varian Medical Systems.

Georgina is a passionate advocate for equitable cancer care and is committed to improving access to services for patients in regional, rural, and remote Queensland.

Non-Board members of committees

During 2024-2025, the Board was expertly assisted by non-Board Members:

- Board Audit and Risk Committee:
  Mrs Jan Pool
- Board Safety and Quality Committee:
  Mr Adriel Burley, Ms Virginia Bendall Harris and Mrs Kandy McAuliffe
- Board Finance Committee:
  Ms Patricia Brand and Mr Sean Rooney.

The Board would like to acknowledge the immeasurable contribution of two long-serving non-Board members: Ms Patricia Brand who served as a member of the Board Finance Committee from August 2012 to February 2025 and Mr Adriel Burley who served as a member of the Board Safety and Quality Committee from August 2018 to July 2025.

The table below shows the attendance record and the number of meetings Board members were eligible to attend. The Finance, Audit and Risk, Executive, and Safety and Quality Committees are prescribed committees.

Townsville Hospital and Health Board – 1 July 2024 to 30 June 2025					
Act or instrument	*Hospital and Health Boards Act 2011 (Qld)*				
Functions	Reported throughout the Annual Report				
Achievements	Reported throughout the Annual Report				
Financial reporting	Refer to financial statements section of the Annual Report				
Remuneration					
Position	**Name**	**Meetings/sessions attendance**	**Approved annual fee**	**Approved sub-committee fees**	**Actual fees received**
Chair	Tony Mooney AM	13/14 - Board* 11/11 - Finance 5/6 - Audit and Risk 5/6 - Executive* 2/4 - Stakeholder 6/6 - Safety and Quality	$85,714	$4,000 (as chair) $3,000 (as member)	$102,000
Deputy Chair	Michelle Morton	14/14 - Board 10/11 - Finance* 6/6 - Audit and Risk 5/6 - Executive	$44,503	$4,000 (as chair) $3,000 (as member)	$55,000
Member	Debra Burden	12/14 - Board 10/11 - Finance 6/6 - Audit and Risk* 5/6 - Executive	$44,503	$4,000 (as chair) $3,000 (as member)	$55,000
Member	Luke Guazzo	14/14 - Board 10/11 - Finance 4/4 - Stakeholder	$44,503	$3,000 (as member)	$51,000
Member	Nicole Hayes	11/14 - Board 6/6 - Audit and Risk 6/6 - Executive 4/4 - Stakeholder*	$44,503	$4,000 (as chair) $3,000 (as member)	$55,000
Member	Professor Kunwarjit Sangla	13/14 - Board 3/4 - Stakeholder 5/6 - Safety and Quality	$44,503	$3,000 (as member)	$51,000
Member	Graham Pattel *Resignation effective 28/10/2024 – Meeting tally reflects meetings up to resignation date.*	4/6 - Board 0/1 - Stakeholder 0/2- Safety and Quality	$44,503	$3,000 (as member)	$18,000
Member	Dr Erin Waters	12/14 - Board 6/6 - Audit and Risk 4/6 - Safety and Quality	$44,503	$3,000 (as member)	$51,000
Member	Georgina Whelan	14/14 - Board 11/11 - Finance 6/6 - Executive 5/6 - Safety and Quality*	$44,503	$4,000 (as chair) $3,000 (as member)	$55,000
No. scheduled meetings/ sessions	47				
Total out of pocket expenses	$6,107.61				

Notes:

1. ** Indicates Chair roles*
2. *One occurrence of Board, Audit and Risk and Finance was delivered jointly, and reflects on the tally of Board meetings only.*
3. *In addition to the monthly Board Finance Committee meetings, the committee held an additional monthly meeting from January 2025 to June 2025 to review the Financial Recovery Plan. These review meetings are not reflected in the meeting tally for Board Finance Committee meetings.*

Board committees

Four of the Board committees are prescribed, while the Board Stakeholder Engagement Committee is a non-prescribed committee.

Executive

The Executive Committee (the Committee) works with the HSCE to oversee the development and implementation of the strategic plan and progression of strategic issues, including those identified by the Board.

The Committee strengthens the Board's relationship with the HSCE, promoting accountability in the delivery of services by the Townsville HHS and supporting its response to all critical and emergent issues.

The Committee oversaw the development of the inaugural Integrated Planning Framework effective 2025-2026.

Safety and Quality

The Safety and Quality Committee (the Committee) provides strategic clinical governance leadership by advising the Board on matters relating to delivery of safe, quality care across the Townsville HHS.

The Committee oversees Townsville HHS safety and quality healthcare governance arrangements, compliance with relevant plans and strategies, and monitors the safety and quality of care provided. The Committee also collaborates with other safety and quality committees to promote improvement and innovation within Townsville HHS.

The Committee provided vital oversight of clinical reviews following internally and externally identified opportunities for improving the safety and quality of care.

Audit and Risk

The Audit and Risk Committee (the Committee) provides independent oversight and advice to the Board on risk management, compliance management, internal controls, significant accounting policies, and the internal and external audit functions.

The Committee delivers its function in alignment with internal risk and compliance frameworks, and external responsibilities as outlined in the *Financial Accountability Act 2009, Auditor-General Act 2009, Financial Accountability Regulation 2009, Financial and Performance Management Standard 2019* and Queensland Treasury's Audit Committee Guidelines.

The Committee considers reports and insights provided by the Queensland Audit Office (QAO) and oversees management's responses to QAO observations and recommendations.

The Committee maintained effective oversight of the internal audit function, ensuring alignment with the internal audit plan, monitoring the implementation of audit recommendations, and supporting the continuous improvement of governance, risk management, and control processes.

Finance

The role of the Finance Committee (the Committee) is to oversee the financial performance, systems, risk and requirements of Townsville HHS.

The Committee advises the Board on matters relating to financial performance and the monitoring of financial systems, financial strategy and policies, capital expenditure, cash flow, revenue, and budgeting, to ensure alignment with key strategic priorities and performance objectives.

The Committee provides oversight of the Townsville HHS Capital Expansion Program and supports the Executive in managing risks resulting from financial austerity efforts necessary to ensure a balanced budget.

Stakeholder Engagement

The Stakeholder Engagement Committee (the Committee) is a non-prescribed committee established in 2016 to monitor and promote the service's reputation by ensuring there is clear and meaningful communication and engagement with staff, community, and other stakeholders.

The Committee oversees the implementation activities relating to two key engagement strategies: Clinician Engagement Strategy and the Consumer and Community Engagement Strategy. The Committee also acts as the pathway committee for three Advisory Councils (clinical, consumer and First Nations community) to the Board.

The Committee undertook a review of its function and purpose, and has a renewed focus on youth engagement, organisational culture, and partnering with North Queensland Primary Healthcare Network, Brighter Lives and Tropical Australian Academic Health Centre.

Executive management

The Townsville HHS executive was led in 2024-2025 by Health Service Chief Executive Kieran Keyes. The HSCE is responsible and accountable for the day-to-day management of the HHS and for operationalising the Board's strategic vision and direction. The HSCE is appointed by, and reports to, the Board.

The HSCE was supported by an executive team comprised of:

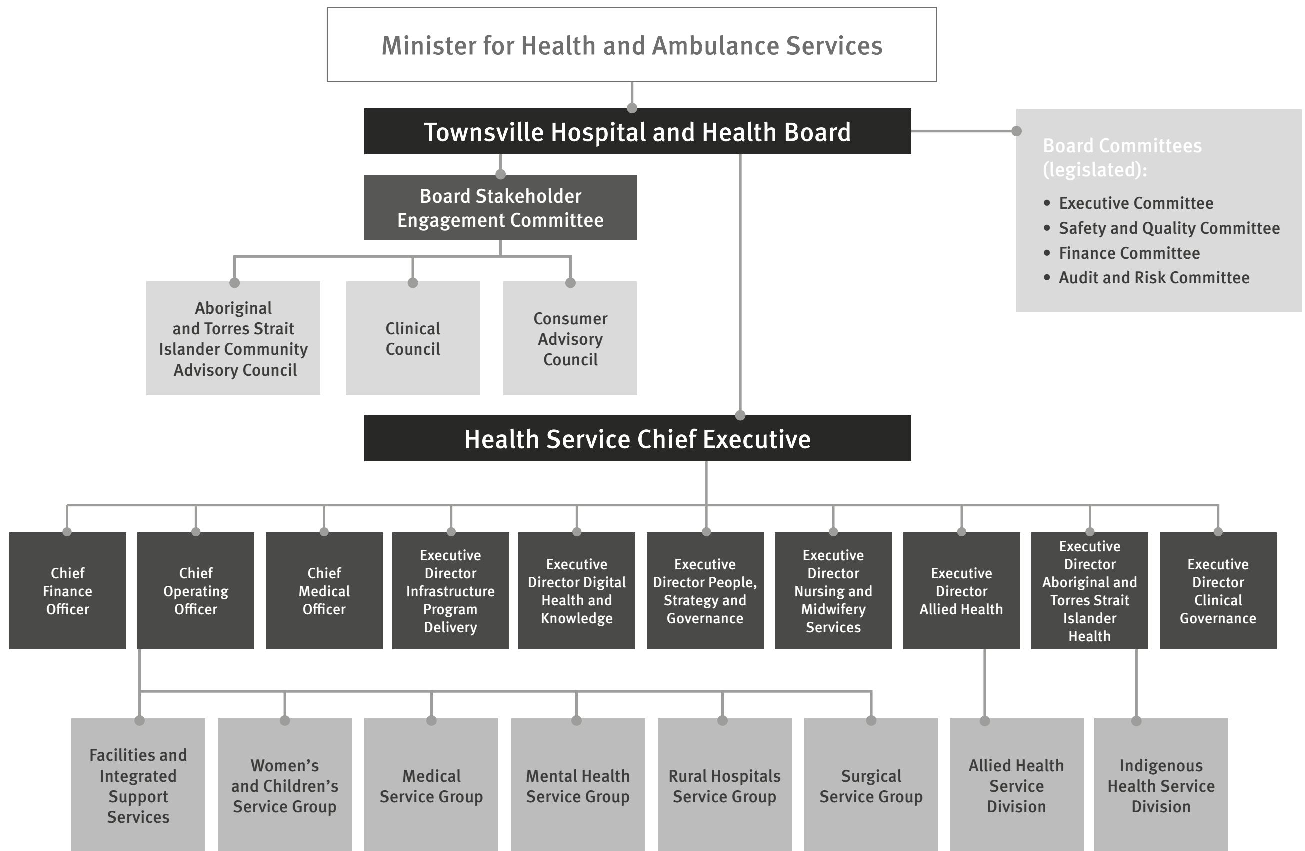
- Chief Operating Officer Stephen Eaton (until January 2025) and Susan Freiberg (acting) (from February 2025)
- Chief Medical Officer Dr Niall Small
- Chief Finance Officer Anthony Mathas (until November 2024) and Michelle Warrington (from November 2024)
- Executive Director Nursing and Midwifery Services Judy Morton
- Executive Director Clinical Governance Marina Daly
- Executive Director People, Strategy and Governance Shellee Chapman
- Executive Director Aboriginal and Torres Strait Islander Health Amanda Cooms
- Executive Director Digital Health and Knowledge Louise Hayes
- Executive Director Allied Health Danielle Hornsby
- Executive Director Infrastructure Program Delivery Stuart Garantziotis (until March 2025) and Thomas Hegarty (from April 2025).

The business of the HHS is operationalised through five clinical service groups:

Medical, Mental Health, Rural Hospitals, Surgical and Women's and Children's, two clinical services divisions, Allied Health Service Division and Indigenous Health Service Division, and one non-clinical directorate, Facilities and Integrated Support Services. The service groups, directorates and divisions are supported by a corporate services function.

The Townsville Public Health Unit is responsible for population health, disease prevention and health promotion.

Organisational structure and workforce profile



Minimum Obligatory Human Resource Information (MOHRI) Data June Quarter 2025 Active/Paid Employees only

Total Staffing	#
Headcount	7,699
Paid FTE	6,342.98

Occupation Types by FTE	%
Corporate	6.73%
Frontline and Frontline Support	93.27%

Appointment Type by FTE	%
Permanent	80.60%
Temporary	15.52%
Casual	3.70%
Contract	0.17%

Employment Status by Headcount	%
Full-time	50.25%
Part-time	43.07%
Casual	6.68%

Figure 1: Gender	Headcount	%
Gender*		
Woman	5,910	76.76%
Man	1,778	23.09%
Non-binary	11	0.14%
Another term	0	0.00%
Not disclosed	0	0.00%

* Where data available.

Figure 2: Diversity target group data*	Headcount	%
Diversity Groups*		
Women	5,910	76.76%
Aboriginal Peoples and Torres Strait Islander Peoples	331	4.30%
People with disability	182	2.36%
Culturally and Linguistically Diverse – Speak a language at home other than English ^	1,096	14.24%

* To ensure privacy, in tables where there are less than 5 respondents in a category, specific numbers must be replaced by < 5
^ This includes Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages spoken at home.

Figure 3: Target group data for Women in Leadership Roles*	Headcount	%
Group		
Senior Officers (Classified, s122 and s155 combined)	6	54.55%
Senior Executive Service, High-level senior executives and Chief Executives (Classified, s122 and s155 combined)	8	66.7%

* Women in leadership are defined as those in classified roles or on s122 or s155 contracts. This data must not include salary equivalency.

Data Caveats:

* Workforce is measured in Minimum Obligatory Human Resource Information (MOHRI) Full-Time Equivalent (FTE). This MOHRI data supplied by the Public Sector Commission is not an exact match with data in the Financial Statements, which is drawn from the Decision Support System (DSS).

* Beginning the 2023 financial year end, the Public Sector Commission advised all workforce annual report data needs to be based on the PSC MOHRI data. This is submitted quarterly to the PSC through the HR Branch.

* The difference between the PSC MOHRI data and QH Reporting FTE (MOHRI Occupied FTE) from DSS exists due to different counting rules. The total FTE for both DSS MOHRI occupied FTE data and PSC MOHRI submission data are the same at a whole of Queensland Health level, however, minor variances can appear at an HHS level and will also be noticeable at a pay stream level. In PSC reporting, the FTE for an employee is counted against their primary role. For example, if employee works 0.5FTE in a health practitioner role and 0.3FTE in a nursing role, this employee would be reported 0.8FTE health practitioner. In Qld health reports, FTE is split across both roles.

* Women in Leadership roles include the following Queensland Health position classifications:
  - Senior Officers: HSO, DSO and ASO (Ambulance only).
  - Senior Executive Service, High-level senior executives and Chief Executives: HES, CEO, SES, Senior Officer Public Service, and AES (Ambulance only).

* Employee status: Where appointed FTE (0-100) is equal or greater than 95, employees are reported as full-time. Where appointed FTE is less than 95, employees are reported as part-time. Employees are reported as casual, if their appointment type is identified as casual.

* Norfolk Island Taskforce is excluded from summary and sub-measures.

* Due to Machinery of Government (MOG) Office for Women being transferred from Queensland Health to Department of Women, Aboriginal and Torres Strait Islander Partnerships, and Multiculturalism from 1 November 2024, growth has been impacted by a reduction of 9.4 FTE and 10 HC from 1 January 2024 to June 2025 in the reporting system.

* In alignment with PSC reporting guidelines, only one employment record per employee is reported. For employees with concurrent employment, the arrangement with the highest percentage of work is reported. This may result in a minor variance where staff work across multiple Hospital and Health Services.

Strategic workforce planning and performance

The Townsville HHS remains steadfast in its commitment to fostering a positive workplace culture, aligned with the strategic goal of 'improved staff experience' by building and sustaining a culture that truly reflects organisational values.

The organisation continues to work on the key drivers of workplace culture identified in the three-year action plan, now in its second year. This strategic initiative is structured around three core themes:

- strengthening leadership capability across all levels
- optimising people management systems and processes for greater effectiveness
- enhancing employee engagement and recognition to foster a more connected and motivated workforce.

The momentum generated in 2024 continued in 2025 with advancements across key focus areas. This includes a comprehensive review of the All-staff Performance and Development Framework and a dedicated framework for the Strategic Leadership Team reinforcing accountability in delivering key operational priorities.

To further strengthen leadership capability, the HHS is implementing targeted initiatives, including the Leadership Formation Program, the Line Manager Competency Framework, and a role-specific Line Manager Capability Program. Complementing these efforts, a best-practice framework for onboarding, orientation, and induction is being implemented to ensure new employees are fully supported and equipped for success. These initiatives collectively reinforce leadership excellence, foster engagement, and drive a values-driven workplace culture.

Through these ongoing initiatives, the HHS is actively shaping a future-focused, inclusive workplace culture that champions leadership excellence, optimised systems, and meaningful staff engagement.

Diverse Workforce

From 1 March 2023, the *Public Sector Act 2022* introduced an obligation for Chief Executives to progress equity, diversity, respect and inclusion in their organisation, as well as a requirement to conduct an annual equity and diversity review.

The 2025 Equity and Diversity Audit was completed and submitted to the Public Service Commission in May 2025. The review identified the following opportunities to address inequities:

- encourage the employees who have not completed the Equal Employment Opportunity survey to complete the survey to gain a clearer picture of workforce representation including LGBTIQ+ status
- explore opportunities to strengthen our workforce representation and career pathways for the First Nations community
- explore opportunities to strengthen workforce representation of people with disabilities
- explore opportunities to promote greater awareness of the Culturally and Linguistically Diverse (CALD) workforce.

The HHS continues to support emerging and future leaders in the First Nations workforce through the continuation of the Integrating Two Worlds leadership program. This program provides future First Nation leaders with tools to build rewarding careers in health and grow their leadership potential and experiences. Additionally, the HHS has implemented programs that provide pathways to employment including health practitioner trainees via the U-me Koola Program and entry pathways through Deadly Start school-based traineeship programs.

The HHS also celebrated its diverse workforce hosting an inaugural Multicultural Day with a fusion of traditional dance, music, artifacts and cuisine involving employees that have come from all over the world and now call our local community home.

Health, Safety and Wellness

Throughout 2024-2025, the HHS has continued its commitment to promote and strengthen the physical and psychological safety and wellbeing of its workforce and work environments by continuing to develop programs designed to align with the strategic priority to improve staff experience.

The initiatives undertaken in 2024-2025 included:

- establishing a dedicated Workforce Wellbeing team, including recruitment to two Wellbeing Psychologist positions
- providing training and resources to create a network of wellbeing champions across the organisation

- rebranding the Townsville HHS Wellbeing program to better promote the key goal of providing a psychologically safe workplace and improving organisational culture
- reviewing systems and processes to improve identification and management of psychosocial risk management
- revising the Staff Welfare Initial Support peer response and debrief program
- developing a Work Health and Safety (WHS) Post-Critical Incident Response process and identifying suitable training for line managers
- reviewing the Health Safety and Wellbeing Management system to identify opportunities and plan for system improvements in 2025-2026
- reviewing and establishing governance and escalation pathways for key WHS risks
- developing an Occupational Violence Prevention Framework and governance map.

Union engagement

The HHS remains committed to fostering and supporting union engagement to effectively address workplace issues and achieve positive outcomes for employees and union members. In alignment with Human Resources Policy F4 – Union Encouragement, the HHS integrates union advocacy into its operations, beginning with the Townsville HHS Orientation, where unions have the opportunity to meet with new employees. Additionally, the HHS actively participates in various Local Consultative Forums and the Hospital and Health Services Consultative Forum, reinforcing the organisation's dedication to collaborative unions and employer engagement.

Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the reporting period.

Our risk management

Enterprise Risk Management

The Townsville HHS adopts an enterprise-wide approach to risk management. This means risk is considered from a strategic, whole-of-service perspective, identifying and assessing both potential threats and opportunities that may impact our ability to deliver safe, effective, and high-value care. Risk management is integral to how strategic and operational objectives are achieved. It supports proactive decision-making, strengthens the HHS's capacity to plan and respond to change, and ensures a continued focus on improving outcomes for patients, enhancing experiences for patients and staff, and delivering value across the health system. Through effective risk management, the burden of reactive issue management is reduced, allowing the HHS to allocate resources more efficiently and drive continuous improvement.

Risks are managed in accordance with the Townsville HHS Risk Management Framework and in accordance with the Board-approved Risk Appetite Statement. Risks are recorded and managed in the enterprise risk register, and bi-monthly risk reporting occurs to the executive team and Board Audit and Risk and Safety and Quality Committees. A network of risk champions is in place to ensure risk management is embedded across the service.

Internal Audit

Internal audit is a fundamental element in the governance and assurance environment of the Townsville HHS and is a valuable tool to manage risk effectively. The HHS's internal audit function was established by the Townsville Hospital and Health Board in accordance with the *Finance and Performance Management Standard 2019* and operates under a Board-approved charter. The key objective of the internal audit function is to support the health service in achieving its strategic objectives through the provision of objective assurance and advice on systems of governance, risk management, and internal control. The Townsville HHS's internal audit services are provided through a co-source service delivery model, led and managed by the Director Internal Audit. The Director Internal Audit is responsible for the effective, efficient, and economical operation

of the internal audit function and reports key audit results and program deliverables to the Board Audit and Risk Committee bi-monthly. Overall strategy, performance and effectiveness of the function is reviewed in consultation with the Board Audit and Risk Committee and reported annually to the Board. The Internal Audit function conducts all audits in line with the Institute of Internal Auditor's International Professional Practices Framework, including the Global Internal Audit Standards.

The purpose and accountabilities of the internal audit function are underpinned by an operational plan which describes the design and scope of work undertaken by the internal audit team. The plan is developed through a robust planning and consultation process and remains flexible and adaptive to respond to emerging needs and the changing risk profile of the organisation. Eight reviews were performed in 2024-2025 resulting in significant business improvement opportunities and internal control enhancements across key aspects of the health service including:

- consumables inventory management
- establishment management
- fraud and corruption control
- access to electronic medical records
- management of work health and safety for contractors
- information security management system
- performance and accountability
- health equity.

External scrutiny

Internal and external reviews are often commissioned by government agencies and/or state bodies to provide independent assurance regarding the operations and performance of the business. Therefore, the health service's activities and operations are subject to regular scrutiny from external oversight agencies.

Aged Care Standards

Within the Townsville HHS, there are two residential aged care facilities (RACFs) - Eventide RACF located in Charters Towers and Parklands RACF in Townsville. Both facilities were assessed in 2023 by the Australian Aged Care Quality Agency for compliance with the National Aged Care Quality Standards. Eventide RACF was accredited to June 2026 and Parklands RACF to March 2026.

National Safety and Quality Health Service Standards

The HHS had its first Short Notice Assessment conducted by the Australian Council on Healthcare Standards against the requirements of the National Safety and Quality Health Service Standards Townsville HHS was awarded accreditation for three years from 27 March 2025 until 26 March 2028.

Coroner and Health Ombudsman

The Office of the Health Ombudsman and the Coroner did not identify any significant findings of deficiency requiring remedial actions for the health service in this reporting period.

Crime and Corruption Commission

The HHS was not under scrutiny by the Commission during the reporting period.

Parliamentary Reporting

In 2024-2025, Parliamentary reports tabled by the Auditor-General which considered or evaluated the performance of the HHS included:

- 2024 status of Auditor-General's recommendations Report 1: 2024-25
- Delivering forensic medical examinations (follow-up audit) Report 2: 2024-25
- Health 2024 Report 8: 2024-25

The HHS considered the findings and recommendations contained in these reports and, where required, has taken action to implement the recommendations or address issues raised. The Board Audit and Risk Committee monitors the implementation of Auditor-General recommendations.

Queensland Health Service Audits

In the Queensland health system, the *Hospital and Health Boards Act 2011* provides for the appointment of health service auditors to examine the performance of HHSs. In 2024-2025, the HHS was included in the following reviews conducted by the Queensland Health Internal Audit Unit in their capacity as health system auditors:

- Emergency Department, Patient off-stretcher time (POST), Transfer of Care (TOC) and Wait Time by Australasian Triage Scale (ATS) category Data Validation audit.
- Aged care governance processes audit.

The outcomes of these audits are considered by management, and where required, action plans are implemented. Health service audits are reported to, and overseen, by the Board Audit and Risk Committee.

Information Systems and Recordkeeping

The Townsville HHS continues to lead digital health transformation activities, with TUH operating as a fully digital hospital. The Integrated electronic Medical Record (ieMR) remains the cornerstone of clinical documentation and patient care, enabling real-time access to patient data, and supporting safer, more coordinated care delivery.

In 2024–2025, the HHS made significant progress in extending the ieMR platform beyond TUH. The system was successfully deployed at four additional rural facilities - Ayr, Home Hill, Magnetic Island and Charters Towers Health Services, bringing these sites into the statewide digital ecosystem. This expansion is part of the broader hub-and-spoke model, coordinated with eHealth Queensland, aiming to ensure equitable access to digital health infrastructure across the state.

In parallel, the Townsville HHS has implemented the Prisoner electronic Medical Record (PeMR) at the Townsville Correctional Centres. This initiative aligns with the Queensland Prisoner Health and Wellbeing Strategy 2020–2025 and represents a critical step toward ensuring continuity of car for prisoners.

Legacy paper-based records continue to be managed in accordance with the *Public Records Act 2023* and relevant retention and disposal schedules. The Townsville HHS has maintained its records governance framework. Roles and responsibilities for recordkeeping have been clearly defined and communicated across the organisation. Staff involved in records management are appropriately trained, and the HHS continues to transition from paper-based to digital-first practices. Recordkeeping systems are robust, secure, and aligned with the State Archivist's standards, with no serious breaches reported during the period.

Information Security Attestation

During 2024–2025, the Townsville HHS had an informed opinion that information security risks were actively managed and assessed against the organisation's risk appetite with appropriate assurance activities undertaken in line with the requirements of the Queensland Government Enterprise Architecture (QGEA) Information and Cyber Security Policy (IS18).

Queensland Public Service ethics and values

The Townsville HHS has fostered a workplace culture aligned to its organisational values through a diagnosis of workplace culture and is designed to build the management and leadership capabilities of leaders at all levels of the organisation and improve staff engagement.

A specific performance and development framework aligned to the Townsville HHS operational planning process has been introduced for executive leaders to build alignment and accountability while demonstrating values-aligned leadership. A Line Manager Competency Framework and Orientation Program have been developed to ensure new managers are provided with the skills and knowledge to support team performance. The HHS orientation and induction process has been transformed into a values-centric, highly engaging experience for new staff.

Human Rights

As a public entity, the Townsville HHS must act in accordance with the 23 human rights protected under the *Human Rights Act 2019 (Qld)* (the Act). When reviewing existing or creating new policies and procedures, the document custodian reviews the document content for compatibility with human rights identifying the considerations made when assessing the policy or procedure for its impact on human rights.

The HHS displays posters around waiting and ward areas advising of the rights of individuals under the Act with further information available on the organisation's website. Staff orientation includes information for staff about human rights. Consumer feedback, including human rights

complaints, are continuously monitored by the Patient Feedback Service through a well-embedded internal complaints management process.

During 2024-2025, the health service received 75 human rights complaints. Each complaint was thoroughly investigated, with 46 complaints fully resolved, and 29 still undergoing review or finalisation of the process. When necessary, the HHS adapts and improves practices to ensure the actions and decisions of staff are compatible with human rights.

Confidential information

The *Hospital and Health Boards Act 2011* requires annual reports to state the nature and purpose of any confidential information disclosed in the public interest during the financial year. The Health Service Chief Executive did not authorise the disclosure of confidential information during the 2024-2025 reporting period.

PERFORMANCE

HHS performance is monitored and reported against key areas including strategic plan measures, service standards and financial performance.

Non-financial performance

The HHS regularly monitors and reports progress against its strategic plan. For each strategic objective, there are associated measures and trend goals. The results for 2024-2025 are reported below.

Improve patient experience

Objectives	Measures
Put patients first in all that we do	• The proportion of patients who rated the overall quality of their care as “Very Good” decreased slightly from 80.0 per cent to 71.1 per cent.
Ensure our services are culturally appropriate	• The proportion of staff who have completed the cultural practice program increased from 48.3 per cent to 68.1 per cent.
Maximise the use of virtual care models	• The proportion of outpatient appointments provided via telehealth remained consistent at 2.9 per cent. • The proportion of overnight separations delivered via hospital in the home remained consistent at 2.7 per cent.
Develop care closer to home for rural patients	• The proportion of rural patients treated at their local hospital remained consistent for surgical services and increased for medical and birthing services. The HHS has plans in place to improve this.
Develop future-focussed tertiary services	• The proportion of public patients treated within the HHS without needing to travel to Brisbane for care remained at 96.2 per cent, the same as that for the previous financial year.

Enhance patient outcomes

Objectives	Measures
Ensure the highest standards of safety and quality	• Hospital standardised mortality ratio was similar to previous years.
Focus on early intervention and hospital avoidance	• The proportion of hospitalisations that were potentially preventable remained stable at 8.1 per cent up to March 2025.
Treat all patients within recommended timeframes	• The proportion of emergency presentations, specialist outpatient appointments, elective surgeries, and gastrointestinal endoscopies delivered within clinically recommended timeframes was 79 per cent, 74 per cent, 67 per cent and 54 per cent, respectively. Improving these is a focus in 2025-2026.
Improve health equity for First Nations people	• The proportion of First Nations patients who accessed care without missing an appointment or leaving before their care was completed remained consistent at 85.2 per cent.
Research, innovate and pursue excellence	• The number of research publications by HHS staff, which is measured in calendar years, increased to 266 up to December 2024. • The number of active registered clinical trials, which is also measured in calendar years, was 96. This is the first time this metric has been reported.

Better value care

Objectives	Measures
Eliminate low-value care	• The number of avoidable hospital readmissions remained consistent, at 776 up to May 2025.
Continuously optimise our productivity	• The cost per weighted activity unit was $6,144 compared to a target of $5,989. This variation is due to a range of factors and is consistent with previous years.
Strengthen partnerships with other providers	• Relative stay index decreased slightly to 1.07 as at May 2025, slightly above the target of 1.00.
Deliver new infrastructure to meet future needs	• Capital expenditure performance improved to 112 per cent.
Allocate resources in a responsible manner	• The end-of-year budget position was a surplus of $0.6 million. This is an improvement on the financial position last year. • A range of initiatives continue to be progressed to further improve position and ensure long-term sustainability.

Improve staff experience

Objectives	Measures
Ensure all staff are safe at work	• The number of worker incidents per 1,000 headcount was 302.9, a slight decrease compared to 307.5 in 2023-2024.
Embed a culture that reflects our ICARE values	• The number of conduct and performance matters as a percentage of headcount decreased slightly to 0.7 per cent.
Develop each person and build high-performing teams	• The proportion of staff with a current performance assessment and development plan remained consistent at 62.6 per cent.
Cut red tape to empower people at every level	• The HHS is rolling out a new staff engagement survey in 2025-2026. This will provide a baseline measure for this objective.
Attract and retain staff as an employer of choice	• The turnover rate for permanent employees remained stable at 8.6 per cent.

Service standards

In 2024-2025 the Townsville HHS continued to provide great care every day to the residents of north Queensland.

Hospital avoidance programs, which provide care in the community, reduced demand on our emergency departments. Inpatient services provided more planned and unplanned care than last year, with a 1.4 per cent (1,514) increase in hospital admissions, 5.9 per cent (557) more elective surgeries and 4.9 per cent (311) more emergency surgeries. Specialist outpatient services saw 7.1 per cent (17,735) more patients (occasions of service), and more than 16,000 were delivered virtually.

The HHS continued to focus on reducing the volume of patients waiting longer than clinically recommended in elective surgery, specialist outpatient and gastrointestinal endoscopies.

	2024-2025 Target	2024-2025 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	83%
Category 3 (within 30 minutes)	75%	72%
Category 4 (within 60 minutes)	70%	81%
Category 5 (within 120 minutes)	70%	95%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department	>80%	63%
Percentage of elective surgery patients treated within the clinically recommended times		
Category 1 (30 days)	>98%	75%
Category 2 (90 days)	>95%	56%
Category 3 (365 days)	>95%	65%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days[1]	≤1.0	1.0
Rate of community mental health follow up within 1–7 days following discharge from an acute mental health inpatient unit[2]	>65%	64.4%
Proportion of re-admissions to acute psychiatric care within 28 days of discharge[3]	<12%	9.8%
Percentage of specialist outpatients waiting within clinically recommended times[4]		
Category 1 (30 days)	98%	81%
Category 2 (90 days)[5]	..	36%
Category 3 (365 days)[5]	..	75%
Percentage of specialist outpatients seen within clinically recommended times		
Category 1 (30 days)	98%	89%
Category 2 (90 days)[5]	..	52%
Category 3 (365 days)[5]	..	77%
Median wait time for treatment in emergency departments (minutes)[6]	..	14
Median wait time for elective surgery treatment (days)	..	46
Efficiency measure		
Average cost per weighted activity unit for Activity Based Funding facilities[7]	$5,989	$6,144

	2024-2025 Target	2024-2025 Actual
Other measures		
Number of elective surgery patients treated within clinically recommended times		
Category 1 (30 days)	3,571	2,996
Category 2 (90 days)	2,790	1,799
Category 3 (365 days)	1,119	921
Number of Telehealth outpatient service events[8]	15,424	16,785
Total weighted activity units (WAU)[9,10]		
Acute Inpatient	106,036	109,296
Outpatients	31,792	30,892
Sub-acute	14,555	16,611
Emergency Department	20,522	21,581
Mental Health	7,593	15,901
Prevention and Primary Care	2,161	2,392
Ambulatory mental health service contact duration (hours)[11]	>68,647	46,839
Staffing[12]	6,241	6,343

1. Staphylococcus aureus (including MRSA) bloodstream (SAB) infections Actual rate is based on data reported between 1 July 2024 and 31 March 2025 as at 15 May 2025.
2. Previous analysis has shown similar rates of follow up for both Indigenous and non-Indigenous Queenslanders are evident, but trends are impacted by a smaller number of separations for Indigenous Queenslanders. Mental Health rate of community follow up 2024–2025 Actuals are as at 19 August 2025.
3. Mental Health readmissions data is as at 19 August 2025.
4. Waiting within clinically recommended time is a point in time performance measure. 2024–2025 Actual is as at 1 July 2025.
5. Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, it is expected that higher proportions of patients seen from the waitlist will be long wait patients and the seen within clinically recommended time percentage will be lower. To maintain the focus on long wait reduction, the 2024–2025 Targets for category 2 and 3 patients are not applicable.
6. There is no nationally agreed target for this measure, and the median wait time varies depending on the proportion of patients in each urgency category.
7. Cost per WAU is reported in QWAU Phase Q27 and is based on data extracted on 18 August 2025.
8. Telehealth data is as at 20 August 2025.
9. All measures are reported in QWAU Phase Q27. Data as at 18 August 2025. As the Hospital and Health Services have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to the Target can occur.
10. The Mental Health 2024–2025 Actual differs from the 2024–2025 Target due to the planned national transition of Community Mental Health Services into Activity Based Funding in 2025–2026. Activity targets for Community Mental Health were incorporated into 2024–2025 Targets following publication of the 2024–2025 Service Delivery Statements, to support Queensland's preparations for the planned national transition in 2025–2026.
11. Ambulatory Mental Health service contact duration data is as at 19 August 2025.
12. In alignment with PSC reporting guidelines, only one employment record per employee is reported. For employees with concurrent employment, the arrangement with the highest percentage of work is reported. This may result in a minor variance where staff work across multiple Hospital and Health Services.

Financial summary

for the year ended 30 June 2025

Townsville HHS planning and governance processes have ensured that the Townsville HHS continues to provide a comprehensive range of services and improved health outcomes to the local government areas of Townsville, Burdekin, Charters Towers, Flinders, Richmond, Hinchinbrook, and Palm Island within the funding allocation and that funds are spent efficiently and effectively.

In the 2024-2025 financial year, the Townsville HHS delivered the Service Agreement activity, measured by Weighted Activity Units (WAU), to meet the significant demand for integrated patient-centred hospital and health care services of our north Queensland communities driven by demographic factors including a growing and ageing population, growing demand for emergency services and increasing chronic health conditions. The Townsville HHS managed the demand for services in an environment of declining private health insurance coverage along with decreasing bulk- billed primary health care services and increasing input costs.

The following financial summary provides an overview of the Townsville HHS's financial performance for the year ending 30 June 2025. A more detailed view of the financial performance is provided in the 2024-2025 financial statements.

Financial Overview	**2025**	**2024**
Income	$1.572 billion	$1.463 billion
Expenses	$1.572 billion	$1.469 billion
Operating Result	**$0.608 million**	**($6.062) million**
Capital Acquisitions	$55.784 million	$44.551 million
Total Assets	$1.089 billion	$1.104 billion
Equity	**$0.942 million**	**$0.896 million**

Where the funds come from

Income	**2025 $'000**	**2024 $'000**
Activity based funding	1,013,071	913,039
User charges	120,716	113,213
Other funding for public health services	379,325	382,282
Other revenue and Grants and contributions	58,997	54,537
Total Income	**1,572,109**	**1,463,071**

The Townsville HHS is responsible for the delivery of public hospital and health services including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient clinics, mental health, critical care and clinical support services.

The service agreement between Townsville HHS and the Queensland Department of Health uses WAU to quantify the activity delivered at Townsville University Hospital, Ingham and Ayr. Activity is collected based on a detailed classification system, and funding received based on the Queensland Efficient Price.

User charges principally include public patients electing to use private health insurance, self-funded private patients, bulk-billed outpatients (Medicare), reimbursement of pharmaceutical benefits and the sale of goods and services.

Other revenue relates principally to block funding provided for Townsville HHS services delivered at Home Hill, Charters Towers, Richmond, Hughenden and Palm Island, tertiary training and system management.

How the funds are spent

Expenses	2025 $'000	2024 $'000
Employee expenses	196,691	197,525*
Health Service employee expenses	876,269	802,888*
Supplies and Services	391,717	372,454
Depreciation and amortisation	86,782	77,665
Other expenses	20,042	18,601
Total Expenses	**1,571,501**	**1,469,133**

**Note Employee expenses and Health Service employee expenses have been restated in the prior year.*

The above table shows the resources consumed in 2024-2025 for the delivery of services across the HHS including Townsville, Ingham, Ayr, Home Hill, Charters Towers, Richmond, Hughenden and Palm Island. Total expenses for 2024-2025 were $1.572 billion or an average of $4.3 million per day.

Total expenses increased principally due to an overall increase in the volume of services delivered, increased employee expenses pursuant to enterprise bargaining outcomes and increased cost of goods and services in line with consumer price index movements.

The largest percentage of the spend was against employee expenses including clinicians and support staff at 68.3 per cent. Non-labour expenses such as outsourced services, locum/agency labour, clinical supplies, pharmaceuticals, prosthetics, pathology, catering, repairs and maintenance, communications, computers and energy accounted for 24.9 per cent of expenditure; 5.5 per cent of expenditure was related to depreciation and amortisation of the asset base.

Financial outlook

In 2025–2026 the Townsville HHS received a record level of funding aligned with Queensland's statewide health priorities. The total budget allocation supports the HHS's commitment to delivering world-class healthcare across northern Queensland, with a focus on infrastructure expansion, workforce growth, and service accessibility. Townsville HHS will continue to invest in:

- Innovative care models
- Workforce development
- Infrastructure resilience
- Health equity for Aboriginal and Torres Strait Islander communities

These investments position the HHS to meet growing demand, improve patient experience, and deliver sustainable healthcare across its 150,000 km² catchment.

Deferred maintenance

All Queensland Health entities comply with the *Queensland Government Building Policy Framework – Growth and Renewal* and its supporting *Queensland Government Building Policy Guideline* which require the reporting of deferred maintenance. Deferring maintenance is a common building maintenance strategy used to optimise value while managing resources and asset risks.

Deferred maintenance refers to required maintenance not undertaken within the financial year, where the work is necessary to restore the building to a required condition standard or desired risk level. Based on a consideration of risk, these works are deferred to a future budget cycle. It does not include forecast maintenance – planned work that was anticipated but not required during the reporting period (e.g. forecast repainting where no deterioration occurred).

All deferred maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities remain safe.

As per the *Queensland Government Building Policy Guideline*, deferred maintenance expenditure may be operational or capital expenditure. Both operational and capital quantities are reported, using the terminology *"deferred maintenance"* (operational), and *"postponed capital maintenance"* (capital).

As of 30 June 2025, the Townsville HHS reported:

- *$13.4 million* in deferred operational maintenance expenditure, and
- *$102.6 million* in postponed capital maintenance expenditure.

The Townsville HHS has the following strategies in place to mitigate any risks associated with these items:

- developed a five-year program of forecast Sustaining Capital investment initiatives (life cycle replacement, renewals, and refurbishments) with indicative value of $771 million across 37 projects
- coordinated health service and Department of Health funded capital redevelopment projects to include applicable anticipated remediation works where possible
- prioritised state health infrastructure planning for replacement of facilities that have exceeded service life
- prioritised Sustaining Capital Program funding submissions for applicable capital maintenance projects based on the impact on service delivery and risk of failure
- prioritised funding of all identified deferred and postponed capital maintenance assessed as very high risk and emergent condition-based maintenance activity that cannot be deferred or postponed
- regular preventative maintenance inspections and minor repairs where necessary
- management of critical spare stock holdings where appropriate.

Forecast lifecycle costs are planned future asset replacements, renewals, and refurbishments. They may be planned as capital or operational expenditure but are reported as a single figure. Forecasts are based on expected asset deterioration and required asset condition standards.

As of 30 June 2025, the Townsville HHS had reported forecast lifecycle replacements, renewals, and refurbishments of $771 million. This consists of $42 million planned to be delivered for the 2025-2026 financial year, and $729 million forecast for subsequent financial years.

Capital works

The Townsville HHS continued to deliver an extensive capital works program throughout 2024–2025, aimed at addressing both current and future health service needs of our communities.

Capital works projects delivered included:

- $17 million TUH Hybrid Operating Theatre - a world-first operating theatre configuration that will help to meet the increasing demand for procedural care space and enable delivery of contemporary surgical procedures and safer patient care
- $19.72 million TUH Expansion Project Early Works- stormwater and high-voltage diversion works, services relocations, bulk earthworks and embankment stabilisation
- $11.24 million TUH Expansion Project Enabling Works- construction of an additional 330 + at-grade car parking spaces and an interim helipad at the TUH Eastern Campus
- $4.61 million TUH North Queensland Persistent Pain Management Service (NQPPMS) – reconfiguration / refurbishment of clinical space to facilitate amalgamation of the NQPPMS at the TUH campus
- $6.6 million TUH Outpatient Department Expansion – fit-out of shell space on level 1 at TUH to expand outpatient services (both paediatric and adult) for the community
- $1.87 million Eventide Residential Aged Care Facility Fire Detection System replacement
- $8.6 million Central Sterilisation Department upgrades and equipment replacement – Ingham $2.4 million, Ayr $3.03 million and TUH $3.213 million
- $2.35 million TUH Ward Midlife Renewal Works Program (Stage 1) – fit-out of shell-space of 20 beds on level two at TUH to create a centralised hospital Clinical Equipment Loan Service
- $2.5 million Cardiac Catheter Replacement Project (Coronary Angiography) Lab (CCL 2) equipment replacement
- $5.2 million Linear Accelerator replacement at TUH supporting improved cancer treatment services.

Capital works projects under construction included:

- $53.2 million Kirwan Health Campus Expansion Project - a new build two-storey clinical services building that will facilitate the delivery of improved maternity and oral health services to the community

- $49.8 million TUH heating, ventilation and air-conditioning (HVAC) Midlife Renewal Project - refurbishment of identified HVAC plant in TUH acute buildings, central energy facilities and critical equipment in other TUH areas as required to achieve an additional 15 years of operation. Building management system controls end-of-life replacement and renewal of end-of-life engineering network critical hardware will support HVAC operation
- $8.64 million Charters Towers Health Service Computed Tomography (CT) Scanner - construction of a medical imaging suite incorporating CT and x-ray adjacent to the emergency department. This will introduce CT scanning capability at the Charters Towers Health Service
- $3.03 million Central Sterilisation Department upgrades including equipment at Charters Towers Health Service
- $10.18 million Ingham Health Service Computed Tomography (CT) Scanner Project - construction of a medical imaging suite incorporating CT. This will provide 24/7 access to a publicly operated CT scanning service at Ingham Hospital
- $12 million e-Health Queensland and Townsville HHS Infrastructure Maintenance Program - a project aimed at implementing robust and resilient information communication technologies to lower significant risks associated with ageing infrastructure
- $3 million North Queensland Kidney Transplant Service – fit-out of level three space at TUH to accommodate the staff required to operationalise the service
- $1.96 million Electric Vehicle Transition Infrastructure Project - procurement and installation of 172 EV chargers across 16 HHS sites, for both Queensland Government Fleet and public charging use, consisting of both 7kw and 22 kw chargers to satisfy both local vehicle charging and fast charging vehicles from different sites
- $14 million Joyce Palmer Health Service Staff Accommodation Project (delivered under the Building Rural Remote Health Program) - modular construction and onsite installation of 13 new staff accommodation bedrooms
- $6 million Charters Towers Staff Accommodation Project (delivered under the Building Rural Remote Health Program) - modular construction and onsite installation of 10 new (additional) beds at the Eventide site (10 bedrooms delivered across four modular units)
- $0.8 million Building, Engineering and Maintenance Services (BEMS) workshop - relocation of the existing BEMS mechanical workshop onsite to the previous Medical Records shed to facilitate commencement of the Central Energy Facility-3 onsite at TUH (deliverable scope as part of the TUH Expansion Project)
- $1 million Emissions Reduction Program supporting the installation of Light Emitting Diode (LED) lighting across the Townsville HHS sites
- $6.2 million TUH Ward Midlife Renewal Emergent Works Program (Stage 3) – refurbishment works and services upgrades to TUH Surgical inpatient wards one, two and three.

Capital works projects under design included:

- $550 million TUH Expansion Project (Stage 1) - a multi-storey, multi-stage clinical services project that when fully realised will deliver more than 160 additional beds and promote operational efficiencies and adjacencies by clustering related sub-acute services
- $119 million multi-storey car park project - to deliver a minimum of 644 additional parking spaces at the Townsville University Hospital site enhancing parking capacity and accessibility for patients, visitors, and staff
- Hughenden Multipurpose Health Service - plan and design for new health facilities to replace the existing facilities which have been identified as aged and end of life. The project is part of the Building Rural and Remote Health Program
- Richmond Multipurpose Health Service - plan and design for new health facilities to replace the existing facilities which have been identified as aged and end of life. The project is part of the Building Rural and Remote Health Program
- Home Hill Health Service - plan and design to refurbish part of the health facility to replace the existing aged facilities and adjust the layout to suit future service demand. The project is part of the Building Rural and Remote Health Program
- $9.98 million TUH Lift Modernisation Project - refurbishment of the existing TUH Lifts one to 10, replacement of existing control equipment for TUH Lifts 11 to 13, construction of a new single steel frame glass lift located in the TUH western atrium, and the upgrade of five additional lifts across the TUH floor plate to serve as compliant emergency lifts

- $2.834 million Joyce Palmer Health Service HVAC upgrades to support pandemic management improvements
- $4.4 million TUH HVAC upgrades to support pandemic management improvements
- TUH Ward Midlife Renewal Works Program (Stage 4) - refurbishment works and services upgrade to medical wards one, two and three (project budget TBC pending finalization of design and quantity survey cost estimation)
- TUH Day of Discharge Unit, Front of House (Central Admissions) and main entry reconfiguration/refurbishment.

Townsville Hospital and Health Service

FINANCIAL STATEMENTS

For the year ending 30 June 2025

CONTENTS

Statement of comprehensive income 38

Statement of financial position 39

Statement of changes in equity 40

Statement of cash flows 41

Basis of financial statement preparation 44

- A1 Objectives of the Townsville HHS 45
- B1 Income 47
- B2 Expenses 50
- B3 Cash and cash equivalents 54
- B4 Receivables 54
- B5 Inventories 56
- B6 Other assets 56
- B7 Property, plant and equipment 57
- B8 Trade and other payables 63
- B9 Other liabilities 63
- B10 Equity 64
- B11 Leases 65
- C1 Fair value measurement 67
- C2 Financial risk management 68
- C3 Contingencies 70
- C4 Commitments 70
- D1 Budgetary reporting disclosures 71
- E1 Patient trust funds 77
- E2 Restricted assets 78
- E3 Arrangements for the provision of public infrastructure by other entities 79
- F1 Key management personnel and remuneration 80
- F2 Related party transactions 85
- F3 Taxation 86
- F4 First-year application of new standards or change in policy 86
- F5 Subsequent events 87
- F6 Climate risk 87

Management certificate 88

Independent auditor’s report 89

Statement of comprehensive income

For the year ended 30 June 2025

	Notes	2025 $'000	2024 $'000
Income			
User charges	B1-1	**120,716**	113,213
Funding for public health services	B1-2	**1,392,396**	1,295,321
Grants and other contributions	B1-3	**48,397**	47,379
Other revenue	B1-4	**10,600**	7,158
Total Income		**1,572,109**	1,463,071
Expenses			
Employee expenses	B2-1	**(196,691)**	(197,525)
Health Service employee expenses	B2-2	**(876,269)**	(802,888)
Supplies and services	B2-3	**(391,717)**	(372,454)
Grants and subsidies		**(532)**	(209)
Interest on lease liabilities		**(187)**	(69)
Depreciation and amortisation	B2-4	**(86,782)**	(77,665)
Impairment losses on financial assets		**(3,385)**	(2,040)
Other expenses	B2-5	**(15,938)**	(16,283)
Total Expenses		**(1,571,501)**	(1,469,133)
Operating result for the year		**608**	(6,062)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Increase in asset revaluation surplus		**85,193**	62,625
Other comprehensive income for the year		**85,193**	62,625
Total comprehensive income for the year		**85,801**	56,563

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2025

	Notes	2025 $'000	2024 $'000
Assets			
Current assets			
Cash and cash equivalents	B3	**81,029**	63,596
Trade and other receivables	B4	**39,393**	42,626
Inventories	B5	**13,014**	12,078
Other assets	B6	**3,584**	2,966
Total current assets		**137,020**	121,266
Non-current assets			
Property, plant and equipment	B7	**944,623**	887,807
Right-of-use assets	B11-1	**5,159**	3,063
Intangibles	B7-4	**2,633**	2,228
Total non-current assets		**952,415**	893,098
Total assets		**1,089,435**	1,014,364
Liabilities			
Current liabilities			
Trade and other payables	B8	**136,596**	108,230
Lease liabilities	B11-1	**1,111**	996
Accrued employee benefits		**4,103**	3,046
Other liabilities	B9	**1,523**	3,170
Total current liabilities		**143,333**	115,442
Non-current liabilities			
Trade and other payables	B8	**-**	267
Lease liabilities	B11-1	**4,259**	2,266
Total non-current liabilities		**4,259**	2,533
Total liabilities		**147,592**	117,975
Net assets		**941,843**	896,389
EQUITY			
Contributed equity	B10-1	**399,723**	440,070
Asset revaluation surplus	B10-2	**463,322**	378,129
Accumulated surpluses		**78,798**	78,190
Total equity		**941,843**	896,389

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2025

		Contributed equity	Asset revaluation surplus	Accumulated surpluses	Total equity
	B10	$'000	$'000	$'000	$'000
Balance at 1 July 2023		464,241	315,504	84,253	863,998
Operating result for the year		-	-	(6,062)	(6,062)
Other comprehensive income for the year		-	62,625	-	62,625
Transactions with members in their capacity as members:					
Non-appropriated equity asset transfers		(15)	-	-	(15)
Non-appropriated equity injections		53,509	-	-	53,509
Non-appropriated equity withdrawals		(77,665)	-	(1)	(77,666)
Net transactions with members in their capacity as members		(24,171)	-	(1)	(24,172)
Balance at 30 June 2024		**440,070**	**378,129**	**78,190**	**896,389**

	Contributed equity	Asset revaluation surplus	Accumulated surpluses	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 July 2024	**440,070**	**378,129**	**78,190**	**896,389**
Operating result for the year	**-**	**-**	**608**	**608**
Other comprehensive income for the year	**-**	**85,193**	**-**	**85,193**
Transactions with members in their capacity as members:				
Non-appropriated equity asset transfers	684	-	-	**684**
Non-appropriated equity injections	45,751	-	-	**45,751**
Non-appropriated equity withdrawals	(86,782)	-	-	**(86,782)**
Net transactions with members in their capacity as members	(40,347)	**-**	**-**	**(40,347)**
Balance at 30 June 2025	**399,723**	**463,322**	**78,798**	**941,843**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2025

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Inflows			
User charges		**126,368**	105,573
Funding for public health services		**1,302,512**	1,215,003
Grants and other contributions		**48,373**	47,235
Interest received		**1,090**	971
GST input tax credits from ATO		**27,812**	24,927
GST collected from customers		**3,314**	2,067
Other revenue		**9,217**	5,785
Outflows			
Employee expenses		**(195,861)**	(204,807)
Health Service Employee expense		**(872,846)**	(805,364)
Supplies and services		**(372,140)**	(371,409)
Grants and subsidies		**(532)**	(209)
Interest payments on lease liabilities		**(187)**	(69)
GST paid to suppliers		**(25,403)**	(23,668)
GST remitted to ATO		**(2,933)**	(2,079)
Other expenses		**(19,690)**	(16,283)
Net cash from/(used by) operating activities	**CF-1**	**29,094**	(22,327)
Cash flows from investing activities			
Outflows			
Payments for property, plant, equipment and intangibles		**(56,828)**	(46,684)
Net cash used by investing activities		**(56,828)**	(46,684)
Cash flows from financing activities			
Inflows			
Proceeds from equity injections		**45,751**	53,509
Outflows			
Lease payments		**(584)**	(1,083)
Net cash from financing activities		**45,167**	52,426
Net increase/(decrease) in cash held		**17,433**	(16,585)
Cash and cash equivalents at the beginning of the financial year		**63,596**	80,181
Cash and cash equivalents at the end of the financial year	**B3**	**81,029**	63,596

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2025

CF1 NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of operating result to net cash from operating activities

	2025 $'000	2024 $'000
Operating result for the year	**608**	(6,062)
Adjustments for:		
Depreciation and amortisation	**86,782**	77,665
Impairment losses on receivables	**3,385**	2,040
Equity funding for depreciation and amortisation	**(86,782)**	(77,665)
Assets donated revenue – non-cash	**(24)**	(144)
Net loss / (gain) on sale of non-current assets	**(293)**	(402)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**(381)**	(4,613)
(Increase)/decrease in inventories	**(936)**	(1,092)
(Increase)/decrease in contract assets	**(5,687)**	(4,498)
(Increase)/decrease in other receivables	**9,301**	(1,797)
(Increase)/decrease in prepayments	**(618)**	(710)
Increase/(decrease) in trade and other payables	**22,595**	9,795
Increase/(decrease) in unearned revenue	**86**	(49)
Increase/(decrease) in employee benefits	**1,057**	(14,795)
Net cash from operating activities	**29,094**	(22,327)

CF-2 Changes in liabilities arising from financing activities

2025

	Opening balance $'000	New leases acquired $'000	Cash repayments $'000	Closing balance $'000
Lease liabilities	3,262	2,692	(584)	5,370
Total	3,262	2,692	(584)	5,370

2024

	Opening balance $'000	New leases acquired $'000	Cash repayments $'000	Closing balance $'000
Lease liabilities	3,800	545	(1,083)	3,262
Total	3,800	545	(1,083)	3,262

General information

The Townsville Hospital and Health Service is an individual entity and is controlled by the State of Queensland, the ultimate parent entity.

The head office and principal place of business of the Townsville HHS is:

100 Angus Smith Drive
Townsville Queensland 4810

Compliance with prescribed requirements

The financial statements have been prepared in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 39 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirement for reporting periods beginning on or after 1 July 2024.

The Townsville HHS is a not-for-profit entity and these general-purpose financial statements are prepared on an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note F4.

Presentation

Currency and rounding

The financial statements are presented in Australian dollars, which is the Townsville HHS' functional and presentation currency. Amounts included in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

Comparatives have been reclassified where appropriate for consistency with current year classification.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Townsville HHS does not have the right at the end of the reporting period to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

Authorisation of financial statements for issue

The general-purpose financial statements are authorised for issue by the Board Chair, Health Service Chief Executive and the Chief Finance Officer, at the date of signing the Management Certificate.

Basis of Measurement

These financial statements are general purpose financial statements and have been prepared on both a historical cost and fair value basis in accordance with all applicable new and amended Australian Accounting Standards and Interpretations, applicable to not-for-profit entities, except where stated otherwise.

Further information

For information in relation to the Townsville HHS's financial statements:

- Email **tsv-public-affairs@health.qld.gov.au** or
- Visit the Townsville HHS website at: **www.townsville.health.qld.gov.au**

A1 OBJECTIVES OF THE TOWNSVILLE HHS

The Townsville HHS is an independent statutory body established on 1 July 2012 under the *Hospital and Health Boards Act 2011* (the Act). The Townsville HHS is governed by the Townsville Hospital and Health Board (the Board), which is accountable to the local community and the Minister for Health and Ambulance Services.

The Townsville HHS is responsible for providing primary health, community health and hospital services in the area assigned under the *Hospital and Health Boards Regulation 2023*. The Townsville HHS covers an area of more than 148,000 square kilometres, around 8.5 per cent of Queensland, and serves a population of approximately 250,000. The Townsville HHS also provides tertiary services to 670,000 people throughout northern Queensland from Mackay to the Torres Strait and out to the Northern Territory border.

Funding is obtained predominantly through the purchase of health services by the Department of Health (DOH/the Department) on behalf of both the State and Australian Governments. In addition, health services are provided on a fee-for-service basis mainly for private patient care.

Please refer to the Townsville HHS Annual Report 2024-2025 for more information.

NON-WHOLLY OWNED ENTITIES

Investment in Northern Queensland Primary Health Network

The Northern Queensland Primary Health Network (NQPHN) was established as a public company limited by guarantee on 22 May 2015. Townsville HHS is one of 13 members, with each member holding one vote in the company.

The principal place of business of the NQPHN is Level 5, 111 Grafton Street, Cairns, Queensland. The company's principal purpose is to work with general practitioners, other primary health care providers, community health services, pharmacists and hospitals in Queensland to improve and coordinate primary health care across the local health system for patients requiring care from multiple providers.

As each member has the same voting entitlement, it is considered that no member has controlling power or significant influence over NQPHN (as defined by Australian Accounting Standards Board (AASB) 10 *Consolidated Financial Statements*). While Townsville HHS currently has 7.69 per cent of the voting power of the NQPHN and the fact that every other member also has 7.69 per cent voting power, it limits the extent of any influence that the Townsville HHS may have over the NQPHN.

Each member's liability to NQPHN is limited to $10. The NQPHN is legally prevented from paying dividends to its members and its constitution also prevents any income or property of the company being transferred directly or indirectly to or amongst the members.

As the NQPHN is not controlled by the Townsville HHS and is not considered a joint operation or an associate of the Townsville HHS, the financial results of the NQPHN are not required to be disclosed in these statements.

Tropical Australian Academic Health Centre Limited

Tropical Australian Academic Health Centre Limited (TAAHC) registered as a public company limited by guarantee on 3 June 2019. The Townsville HHS is one of eight founding members along with Cairns and Hinterland Hospital and Health Service, Mackay Hospital and Health Service, North West Hospital and Health Service, Torres and Cape Hospital and Health Service, Northern Queensland Primary Health Network, James Cook University and Queensland Aboriginal & Islander Health Council. Each founding member holds two voting rights in the company and is entitled to appoint two directors.

The principal place of business of TAAHC is Townsville, Queensland. The company's principal purpose is the advancement of health through the promotion of the study and research topics of special importance to people living in the tropics.

As each member has the same voting entitlement (12.5%), it is considered that none of the individual members has power or significant influence over

TAAHC (as defined by AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*). Each member's liability to TAAHC is limited to $10. TAAHC's constitution prevents any income or property of the company being transferred directly or indirectly to or amongst the members. Each member must pay annual membership fees as determined by the Board of TAAHC.

As TAAHC is not controlled by Townsville HHS and is not considered a joint operation or an associate of Townsville HHS, financial results of TAAHC are not required to be disclosed in these statements.

Notes about financial performance

This section considers the income and expenses of the Townsville Hospital and Health Service.

B1 INCOME

Note B1-1: User charges

	2025 $'000	2024 $'000
Revenue from contracts with customers		
Service income and recoveries	**14,189**	15,303
Pharmaceutical Benefits Scheme	**50,359**	45,627
Public patient income	**21,364**	19,176
Private hospital bed income	**15,702**	14,843
Other hospital services	**19,102**	18,264
Total	**120,716**	113,213

Note B1-2: Funding for public health services

	2025 $'000	2024 $'000
Revenue from contracts with customers		
Department of Health		
Activity based funding	**628,649**	545,510
Australian Government		
Activity based funding	**384,422**	367,529
Other funding for public health services		
Department of Health		
Block funding	**80,253**	104,632
Tertiary training	**27,177**	27,974
System funding	**133,345**	119,038
Depreciation funding	**86,782**	77,665
Australian Government		
Block funding	**40,286**	44,766
Tertiary training	**11,482**	8,207
Total	**1,392,396**	1,295,321

User Charges

Revenue from contracts with customers is recognised when the service is rendered and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. Revenue in this category primarily consists of hospital fees (private patients), reimbursement of pharmaceutical expense and the sale of goods and services.

Funding for public health services

Funding is provided predominantly from the Department of Health for specific public health services purchased by the Department in accordance with a service agreement. The Australian Government pays its share of National Health funding directly to the Department of Health, for onforwarding to the Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Townsville HHS. Cash funding from the Department of Health is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue as the performance obligations under the service level agreement are discharged.

At the end of the financial year, an agreed technical adjustment between the Department of Health and Townsville HHS may be required for the level of services performed above or below the agreed levels, which may result in a receivable or unearned revenue. This technical adjustment process is undertaken annually according to the provisions of the service level agreement and ensures that the revenue recognised in each financial year correctly reflects Townsville HHS' delivery of health services.

Activity Based Funding (ABF) is recognised where the specific conditions and activity targets have been met or funding is renegotiated with the Department and may result in a deferral or return of revenue recognised as a liability in the statement of financial position.

Block funding is not based on levels of public health care activity. Non-activity-based funding

(block etc.) is received for other services the Townsville HHS has agreed to provide as per the service agreement. This funding has conditions attached which are not related to activity covered by ABF. Non-activity-based funding is recognised upon receipt of funds and accords with the requirements of AASB 1058.

Tertiary training funding supports teaching, training and research in public hospitals, and public health programs.

System Manager funds are funds paid directly to the HHS from the Department's operating account and consists of funding for various programmes for public health services. This funding does not form part of the National Health Reform Agreement.

The service agreement between the Department of Health and the Townsville HHS specifies that the Department of Health funds the Townsville HHS's depreciation and amortisation charges via non-cash revenue. The Department of Health 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. Depreciation Funding is recognised under AASB 1058.

Note B1-3: Grants and other contributions

	2025 $'000	2024 $'000
Revenue from contracts with customers		
Australian Government - Specific-purpose recurrent grants	**31,596**	29,211
Australian Government - Specific-purpose capital grants	**-**	2,062
Other grants	**6,135**	3,797
Other grants and contributions		
Donations other	**283**	2,501
Donations non-current physical assets	**52**	58
Services received below fair value	**10,331**	9,750
Total	**48,397**	47,379

Grants, contributions, and donations revenue arise from non-exchange transactions where the Townsville HHS does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the Townsville HHS to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the Townsville HHS. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the Townsville HHS satisfies its obligations under the grant through construction of the asset.

Grants included from Revenue from contracts with customers consist of Commonwealth funding agreements and other grants. Grant revenue is determined by the level of care and the nature of the service provided. Revenue is recognised and measured in compliance with AASB 15 upon provision of services.

Specific purpose recurrent grants have Commonwealth funding agreements in place and have specific requirements for the funding to be provided. Funding is determined by the level of care or service provided. As such, these funds are recognised under AASB 15 and recognised upon provision of service.

Specific purpose capital grants have Commonwealth funding agreements in place where funding must be used for specific purpose capital projects/ equipment. The Townsville HHS will retain ownership of the final asset. Revenue will be recognised under AASB 15 and recognised over time.

Other grants have formal agreements in place and funding is based on levels of service and/or activities performed. Revenue is recognised under AASB 15 upon provision of service or activity performed.

Donations other, are donations of cash or equipment that is provided unconditionally. The Townsville HHS will retain donated funds for general use. The Townsville HHS does not provide

an equivalent value or service in return for the donation. These funds are recognised under AASB 1058 and recognised upon receipt.

Services received below fair value represents services received by the Townsville HHS below fair value, from the Department of Health $10.331M (2024: $9.750M). The Townsville HHS has brought the income and corresponding expense into account at 30 June 2025 and is included in other grants and contributions and classified under AASB 1058 *Income for Not-for-Profit Entities*.

Note B1-4: Other revenue

	2025	2024
	$'000	**$'000**
Interest	**1,090**	971
Rental income	**632**	648
Sale proceeds of non-capitalised assets	**1**	6
Fees, charges & recoveries	**8,584**	5,081
Gain on sale of property plant and equipment	**293**	452
Total other revenue	**10,600**	7,158

Other revenue is recognised when the right to receive the revenue has been established. Revenue is measured at the fair value of the consideration received, or receivable.

B2 EXPENSES

Note B2-1: Employee expenses

	2025	2024
	$'000	**$'000**
Employee benefits		
Wages and salaries	**145,223**	145,347
Annual leave levy	**18,934**	18,085
Long service leave levy	**3,972**	3,763
Employer super contribution	**16,360**	18,968
Termination expenses	**807**	392
Employee-related expenses		
WorkCover expenses	**1,541**	1,260
Other employee related expenses	**9,854**	9,710
Total employee expenses	**196,691**	197,525

Note B2-2: Health service employee expenses

	2025	2024
	$'000	**$'000**
Employee benefits		
Health service employee expenses	**867,065**	796,232
WorkCover expenses	**9,204**	6,656
Total Health service employee expenses	**876,269**	802,888

Employee benefits

Board members, Executives and Senior Medical Officers are directly engaged by the Townsville HHS. The number of full-time equivalent staff employed in this capacity was 316 (2024: 322).

(i) Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As the Townsville HHS expects such liabilities to be wholly settled within 12 months of the reporting date, the liabilities are recognised at undiscounted amounts.

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.

(ii) Annual and Long Service Leave

The Townsville HHS participates in the Annual Leave Central Scheme and the Long Service Leave Scheme.

Under the Queensland Government's Annual Leave Central Scheme and the Long Service Leave Central Scheme, levies are payable by the Townsville HHS to cover the cost of employee and Department of Health contract staff's annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to staff for annual leave and long service leave are claimed from the schemes quarterly in arrears which is currently facilitated by the Department of Health. The leave balances are restated to include the wage increase in the relevant Enterprise Bargaining Agreements (EBA) approved in year.

No provision for annual leave or long service leave is recognised in the financial statements of the Townsville HHS, as the liability for these schemes 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*.

(iii) Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's contributions of employment.

Defined contribution plans – Contributions are made to the eligible complying superannuation funds based on the rates specified in the

relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan – 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Townsville HHS at the specified rate following completion of employee's service each pay period. The Townsville HHS's obligations are limited to those contributions paid.

(iv) Other employee related expenses
Other employee related expenses include professional development, salary recoveries and payments made to staff.

Employee-related expenses

The Townsville HHS pays premiums to WorkCover Queensland in respect of its obligations for employee compensation related to workplace injuries, health, and safety.

Workers' compensation insurance is a consequence of employing employees but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee-related expenses.

Health Service employee expenses

The Townsville HHS through service arrangements with the Department of Health has engaged 6,027 (2024: 5,878) full-time equivalent persons at 30 June 2025.

In accordance with the *Hospital and Health Boards Act 2011* section 67, the employees of the Department of Health are referred to as Health Service Employees. Under this arrangement the Department provides employees to perform work for Townsville HHS and acknowledges and accepts its obligations as the employer of these employees. Townsville HHS is responsible for the day-to-day management of these departmental employees and reimburses the department for the salaries and on-costs of these employees.

The Health Service employee-related expenses include a pro-rata of the Townsville HHS's workers' compensation insurance premium of $9.204M (2024: $6.656M).

Recoveries of salaries and wages costs for Health Service employees working for other agencies are recorded as revenue. Refer to note B1-4.

The comparative figures for Health Service employee-related expenses were restated for misalignment of costs.

Note B2-3: Supplies and services

	2025 $'000	2024 $'000
Consultants and contractors	**30,299**	43,802
Electricity and other energy	**8,505**	8,517
Patient travel	**16,215**	14,832
Other travel	**5,533**	5,561
Building services	**3,437**	3,198
Computer services	**12,862**	7,296
Motor vehicles	**579**	650
Communications	**21,470**	23,182
Repairs and maintenance	**19,375**	18,430
Expenses relating to capital works	**2,567**	5,850
Rental expenses	**386**	650
Lease expenses	**4,963**	4,243
Drugs	**70,560**	63,735
Clinical supplies and services	**118,978**	115,763
Catering and domestic supplies	**16,106**	15,700
Other supplies and services	**59,882**	41,045
Total supplies and services	**391,717**	372,454

Note B2-4 Depreciation and amortisation

	2025 $'000	2024 $'000
Depreciation		
Buildings and Land Improvements	**68,954**	62,402
Plant and equipment	**15,891**	14,073
ROU Depreciation		
Buildings	**1,298**	1,104
Amortisation		
Software purchased	**63**	86
Software developed	**576**	-
Total depreciation and amortisation	**86,782**	77,665

Note B2-5: Other expenses

	2025 $'000	2024 $'000
Audit fees*	**861**	695
Bank fees	**48**	59
Insurance**	**12,263**	11,159
Inventory written off	**230**	284
Losses from the disposal of non-current assets	**-**	50
Special payments - ex gratia payments***	**158**	1,830
Other legal costs	**681**	906
Journals and subscriptions	**303**	273
Advertising	**428**	486
Interpreter fees	**392**	302
Fees, fines and other charges	**574**	238
Other	**-**	1
Total other expenses	**15,938**	16,283

** During the 2025 financial year $258,500 fees were quoted for supply of services provided by Queensland Audit Office, the auditor of the Townsville HHS (2024: $248,735). The Townsville HHS paid $388,708 to other service providers for internal audit services (2024: $448,728). Some of these services will not be finalised in the 2024 -25 financial year and as such are not included in the above Audit fees.*

** Includes Queensland Government Insurance Fund (QGIF)

Supplies and Services

For a transaction to be recognised as supplies and services, the value of goods or services received by the Townsville HHS must be of approximately equal value to the value of the consideration exchanged for these goods and services. Where this is not the substance of the arrangement, the transaction is classified as a grant.

The Townsville HHS also receives corporate services support from the Department of Health for no cost. Corporate services received include payroll services, accounts payable services, finance transactional services and taxation services. The cost of services received by the Townsville HHS below fair value is $10.331M (2024: $9.750M), as determined by the Department of Health. The Townsville HHS has brought the income and corresponding expense to account at 30 June 2025 and is included in other supplies and services.

Consultants and contractors include an increase in medical and nursing locum costs to ensure ongoing regional service delivery given shortages in medical and nursing workforce whilst also actively pursuing reduction in long waits and elective surgery lists.

Lease expenses

Lease expenses include lease rentals for short-term leases and office accommodation payments for non-specialised commercial office accommodation under the Queensland Government Accommodation Office (QGAO) framework. Refer to Note B11 for breakdown of lease expenses and other lease disclosures. Payments for QFleet leasing arrangements are expensed as incurred and categorised in lease expenses.

Depreciation and Amortisation

Depreciation and amortisation expenses include depreciation on property, plant and equipment (Note B7-1), right-of-use assets (Note B11-1) and amortisation of intangibles (Note B7-4).

Special Payments

Special payments include ex-gratia expenditure and other expenditure that the Townsville HHS is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2019*, the Townsville HHS maintains a register setting out details of all special payments exceeding $5,000.

Special payments during 2024-25 include payments over $5,000 for compensation for damages.

Special payments:
- Patient and Other $23K
- Out-of-court settlement $130K
- Compensation claims $5K

Patient and Other payments generally relate to payments made for items lost or damaged whilst the patient is in attendance at a Townsville HHS facility.

During the 2024-25 financial year, a total of $80K (2024: $1.785M) was paid in an out-of-court settlement to affected families in response to an investigation concerning Townsville HHS Audiology Services practices between the years 2020 to 2023 for babies and children.

Insurance

Queensland Health annually purchases insurance cover for hospital and health services and the Department of Health through the Queensland Government Treasury managed self-insurance scheme, the Queensland Government Insurance Fund (QGIF). For the 2024-2025 policy year, the premium was allocated to each hospital and health service according to the underlying risk of an individual insured party.

Property and general losses above a $10,000 threshold are insured through the Queensland Government Insurance Fund. Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. Premiums are calculated by QGIF on a risk-assessed basis.

Notes about our financial position

This section provides information on the assets used in the operation of the Townsville HHS's service and the liabilities incurred as a result.

B3 CASH AND CASH EQUIVALENTS

	2025	2024
	$'000	$'000
Cash at bank and on hand	**58,522**	42,635
Restricted cash*	**22,507**	20,961
Total cash and cash equivalents	**81,029**	63,596

**Refer to Note E2*

Cash and cash equivalents include all cash and cheques receipted at 30 June 2025 as well as deposits with financial institutions.

General Trust Funds are managed on an accrual basis and are included within cash and cash equivalents. This money is controlled by the Townsville HHS and forms part of the cash and cash equivalents balance; however, it is restricted as it can only be used for specific purposes. The restricted cash balances are invested under the whole-of-government banking arrangements with Queensland Treasury Corporation.

B4 RECEIVABLES

	2025	2024
	$'000	$'000
Trade receivables	**17,545**	17,255
Less: Loss allowance	**(2,377)**	(1,506)
	15,168	15,749
GST input tax credits receivable	**3,080**	2,019
GST payable	**(292)**	(193)
	2,788	1,826
Contract Assets	**16,487**	10,800
Other	**4,950**	14,251
Total receivables	**39,393**	42,626

Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Other debtors generally arise from transactions outside the usual operating activities of the Townsville HHS and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

Contract assets arise from contracts with customers and are transferred to receivables when the Townsville HHS's right to payment becomes unconditional. This usually occurs when the invoice is issued to the customer. Accrued revenue that does not arise from contracts with customers are reported as part of Other.

Contract assets were not impaired as they relate primarily to Government contracts and carry minimal risk of non-payment.

The opening balance of contract assets from the beginning of the period has been fully recognised as revenue from contracts with customers in year.

B4-1 IMPAIRMENT OF RECEIVABLES

Accounting policy – Impairment of receivables

The loss allowance for trade and other receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the Townsville HHS's debtors, and relevant industry data form part of the Townsville HHS's impairment assessment.

The Townsville HHS's contract asset receivables are from Queensland Government agencies or Australian Government agencies. No loss allowance is recorded for these receivables. Refer to Note C2 for the Townsville HHS credit risk management policies.

Where the Townsville HHS has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the Townsville HHS has ceased enforcement activity.

Disclosure – Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to Townsville HHS's receivables.

The Townsville HHS uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns by debt type. The Townsville HHS has measured expected credit losses based on the sale of services reflecting the different customer profiles and debt categories for these revenue streams. Debt categories include Medicare ineligibles, inpatient, outpatient, pharmacy, other debt (inter-entity and corporate) and recoverability rates are based on historical loss patterns.

The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions during the last five years preceding 30 June 2025. The Townsville HHS has not adjusted the credit loss calculation for any forward-looking indicators as national or local macroeconomic factors would not cause a significant change in overall loss value.

Set out below is the credit risk exposure on the Townsville HHS's trade and other debtors broken down by debtor types.

	2025			2024		
	Gross receivables	**Loss rate**	**Expected credit losses**	**Gross receivables**	**Loss rate**	**Expected credit losses**
	$'000	**%**	**$'000**	**$'000**	**%**	**$'000**
Debt Type						
Ineligible - Inpatient	2,561	46%	1,190	989	62%	608
Ineligible - Outpatient	455	25%	113	463	16%	74
Inpatient	8,881	4%	366	9,416	3%	282
Outpatient	3,873	13%	498	3,918	2%	78
Other - Pharmacy	41	7%	3	49	2%	1
Other	1,734	12%	207	2,420	19%	463
	17,545		2,377	17,255		1,506

Movements in the loss allowance for receivables are as follows:	**2025 $'000**	**2024 $'000**
Opening balance	**1,506**	1,784
Receivables written off during the year as uncollectable	**(2,514)**	(2,318)
Additional provisions recognised	**3,385**	2,040
Closing balance	**2,377**	1,506

B5 INVENTORIES

Inventories consist mainly of pharmaceutical and clinical supplies held for distribution. Inventories are measured at cost following periodic assessments for obsolescence. Where damaged or expired items have been identified, provisions are made for impairment.

B6 OTHER ASSETS

	2025	**2024**
	$'000	**$'000**
Current		
Prepayments	**3,584**	2,966
Total other current assets	**3,584**	2,966

B7 PROPERTY, PLANT AND EQUIPMENT

Note B7-1	2025	2024
	$'000	**$'000**
Land - at fair value	**68,424**	64,558
Buildings - at fair value	**1,931,700**	1,797,234
Less: Accumulated depreciation	**(1,176,801)**	(1,079,757)
	754,899	717,477
Plant and equipment - at cost	**210,951**	194,177
Less: Accumulated depreciation	**(140,233)**	(128,219)
	70,718	65,958
Heritage, artworks and cultural assets – at fair value	**428**	428
Heritage, artworks and cultural assets – at cost	**115**	115
Capital works in progress - at cost	**50,039**	39,271
	944,623	887,807

	Land	Buildings	Plant and equipment	Heritage, artworks and cultural assets	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2023	64,236	705,474	61,215	35	26,216	857,176
Additions	-	2,020	14,755	508	27,268	44,551
Disposals	-	-	(55)	-	-	(55)
Revaluation increments	322	62,303	-	-	-	62,625
Transfers out	-	-	(15)	-	-	(15)
Transfers between classes	-	10,082	4,131	-	(14,213)	-
Depreciation expense	-	(62,402)	(14,073)	-	-	(76,475)
Balance at 30 June 2024	64,558	717,477	65,958	543	39,271	887,807
Additions	-	10,671	16,810	-	28,303	55,784
Revaluation increments	3,866	81,327	-	-	-	85,193
Transfers in	-	-	684	-	-	684
Transfers between classes	-	14,378	3,157	-	(17,535)	-
Depreciation expense	-	(68,954)	(15,891)	-	-	(84,845)
Balance at 30 June 2025	68,424	754,899	70,718	543	50,039	944,623

Note B7-2: Accounting Policies

Property, Plant and Equipment

Recognition threshold for property, plant and equipment

Items of property, plant, and equipment with a cost or other value equal to more than the following thresholds, and with a useful life of more than one year, are recognised at acquisition. Items below these values are expensed on acquisition.

Class	Threshold
Land	$1
Buildings	$10,000
Plant and Equipment	$5,000
Heritage, artworks and cultural assets	$5,000

Key Judgement: Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear, for example is expensed.

Acquisition of Assets

Actual cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

Capital works in progress are at cost until they are ready for use. The construction of major health infrastructure assets is managed by the Department of Health on behalf of the Townsville HHS. These assets are assessed at fair value upon practical completion by an independent valuer. They are then transferred from the Department of Health to the Townsville HHS via an equity adjustment.

Where assets are received free of charge from another Queensland Government entity (whether because of a machinery-of-government change or other involuntary transfer), the acquisition cost is recognised at the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

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.*

Subsequent measurement of property, plant and equipment

Land and buildings are subsequently measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. The cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment are measured at cost net of accumulated depreciation and any impairment in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment at cost are not materially different from their fair value.

Heritage, artworks and cultural assets are measured at fair value. The cost at the date of acquisition was equivalent to fair value.

Depreciation

Land is not depreciated as it has an unlimited useful life.

Buildings, plant, and equipment are depreciated on a straight-line basis to allocate the revalued amount or net cost of each asset (respectively), less its estimated residual value, progressively over its estimated useful life to the Townsville HHS.

Heritage, artworks and cultural assets are not depreciated as the assets have an unlimited useful life.

Capital works in progress are not depreciated until ready for use. These assets are then reclassified to the relevant class within property, plant, and equipment.

Any expenditure that increases the capacity or service potential of an asset is capitalised and depreciated over the remaining useful life of the asset to the Townsville HHS.

Key Estimate: The depreciation rate is determined by application of appropriate useful life to relevant non-current asset classes. The useful lives could change significantly because of a change in use of the asset, technical obsolescence or some other economic event. The impact on depreciation can be significant and could result in a write-off of the asset.

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

Class	Rate
Buildings	2.5% to 3.3%
Plant and equipment	5% to 33.33%

Accounting Policy

Indicators of impairment and determining the recoverable amount

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/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 possible impairment exists, the HHS determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for-profit entity, certain property, plant, and equipment of the HHS is held for the continuing use of its service capacity and not for the generation of cash flows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be a recoverable amount. Consequently, AASB 136 does not apply to such assets unless they are measured at cost.

- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal, is the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

Value in use is equal to the present value of the future cashflows expected to be derived from the asset, or where the department no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

Revaluation of Land and Buildings at fair value

Property, plant, and equipment classes measured at fair value are revalued on an annual basis by an independent professional valuer, or by the use of appropriate and relevant indices. Where an asset is revalued using a market valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

Revaluations using an independent professional valuer are undertaken using a rolling revaluation plan over three years. However, if an asset class experiences significant and 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.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. The Townsville HHS ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date.

The valuer supplies the indices used for the various types of assets. Such indices 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.

Accounting for Changes in Fair Value

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

The Townsville HHS has adopted the cost valuation approach (e.g. current replacement cost) – accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

Valuation

Key Judgement: The fair values reported by the Townsville HHS are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Land

For financial reporting purposes, the land and building revaluation process is overseen by the Board and coordinated by senior management and support staff.

Land is measured at fair value using indexation or asset-specific independent revaluations, being provided by an independent quantity surveyor, Jacobs Group (Australia) Pty Ltd. Independent asset specific revaluations are performed with sufficient regularity to ensure land assets are carried at fair value.

Land indices are based on actual market movements for the relevant locations and asset category and are applied to the fair value of land assets on hand. Independent land revaluations were conducted utilising comparative market analysis data as at April 2024, with an effective date as at 30 June 2025. Land resulted in a revaluation increment of $3.866M (2024: Increment of $0.322M).

Buildings

Valuation approach (Key judgement): Current replacement cost (due to no active market for such facilities) - Reflecting the specialised nature of health service buildings, fair value is determined by applying replacement cost methodology or an index which approximates movement in market prices for construction labour and other key resource inputs, as well as changes in design standards as at the reporting date. Both methodologies are executed on behalf of the Townsville HHS by an independent quantity surveyor and valuer Jacobs Group (Australia) Pty Ltd. The Townsville HHS undertakes a three-year rolling revaluation plan for valuation of assets. Assets not revalued in a financial year are adjusted through the application of indices.

Inputs (Key Estimates): The valuation methodology for the independent valuation uses historical and current construction costs. The replacement cost of each building at date of valuation is determined by considering Townsville location factors and comparing against current construction costs.
The valuation is provided for a replacement building of the same size, shape and functionality that meets current design standards, and is based on estimates of gross floor area, number of floors, building girth and height and existing lifts and staircases.
This method makes an adjustment to the replacement cost of the modern-day equivalent building for any utility embodied in the modern substitute that is not present in the existing asset (e.g. mobility support) to give a gross replacement cost that is of comparable utility (the modern equivalent asset). The methodology makes further adjustment to total estimated life taking into consideration physical obsolescence impacting on the remaining useful life to arrive to the current replacement cost via straight-line depreciation.

For residential buildings held by the Townsville HHS on separate land titles, fair value is determined by reference to independent market revaluations.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and the change in the estimate of remaining useful life.

Assets under construction are not revalued until they are ready for use.

The impact of the valuation exercise conducted in April 2025, with an effective date as at 30 June 2025, resulted in a building increment of $81.327M (2024 increment of $62.303M). The valuation increment was primarily due to a 6% increase (2024: 6% increase) in indexation valuation in 2024-2025 due to rising construction costs and an increase in estimated remaining useful lives on some buildings.

Note B7-3:
Intangibles and Amortisation Expense

Recognition and Measurement

Intangible assets of the Townsville HHS with a historical cost or other value equal to or greater than $100,000 are recognised in the financial statements.

Items with a lesser value are expensed. Any training costs are expensed as incurred.

There is no active market for any of the Townsville HHS's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the internally generated intangible assets are capitalised and amortised under the amortisation policy below.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Amortisation Expense

Accounting Policy

All intangible assets of the Townsville HHS have finite useful lives and are amortised on a straight-line basis over their estimated useful life to the Townsville HHS. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the Townsville HHS's intangible assets is zero.

Useful Life

Key Estimate: For each class of intangible asset the following amortisation rates are used:

Intangible Asset	Rate
Software Purchased	20%
Internally Generated Intangible Asset	20%

Impairment

Accounting Policy

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Townsville HHS determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Townsville HHS, including discontinuing the use of the intangible asset. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

Note B7-4: Intangibles

	2025	2024
	$'000	$'000
Total intangibles		
Software work in progress	**297**	-
Software purchased	**5,429**	3,471
Software purchased - Accumulated amortisation	**(5,397)**	(3,376)
Internally generated intangible asset	**2,880**	2,133
Software generated - Accumulated amortisation	**(576)**	-
Total intangibles	**2,633**	2,228

2025	Software purchased	Internally generated intangible asset	Software work in progress	Total
	$'000	$'000	$'000	$'000
Cost	**5,429**	**2,880**	**297**	**8,606**
Less: Accumulated amortisation	**(5,397)**	**(576)**	**-**	**(5,973)**
Carrying amount at end of year	**32**	**2,304**	**297**	**2,633**
Movement				
Carrying amount at start of period	**95**	**2,133**	**-**	**2,228**
Additions	**-**	**747**	**297**	**1,044**
Amortisation expense	**(63)**	**(576)**	**-**	**(639)**
Carrying amount at end of year	**32**	**2,304**	**297**	**2,633**

2024	Software purchased	Internally generated intangible asset	Total
	$'000	$'000	$'000
Cost	3,471	2,133	5,604
Less: Accumulated depreciation	(3,376)	-	(3,376)
Carrying amount at end of year	95	2,133	2,228
Movement			
Carrying amount at start of period	181	-	181
Additions	-	2,133	2,133
Amortisation expense	(86)	-	(86)
Carrying amount at end of year	95	2,133	2,228

B8 TRADE AND OTHER PAYABLES

	2025 $'000	2024 $'000
Current		
Trade creditors	**80,237**	65,145
Accrued expenses	**55,298**	41,706
Payable funding expenses	**107**	839
Other payables	**954**	540
Total current payables	**136,596**	108,230
Non-current		
Other payables	**-**	267
Total non-current payables	**-**	267
Total payables	**136,596**	108,497

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

Other payables are recognised as a result of a financing arrangement entered into with respect to the purchase of two linear accelerator plant and equipment assets.

All payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

B9 OTHER LIABILITIES

	2025 $'000	2024 $'000
Current		
Contract liabilities	**1,383**	3,116
Unearned other revenue	**140**	54
Total other current liabilities	**1,523**	3,170

Disclosure – Contract liabilities

Contract liabilities arise from contracts with customers while other unearned revenue arise from transactions that are not contracts with customers.

The opening balance of contract liabilities from the beginning of the period has been fully recognised as revenue from contracts with customers in year.

B10 EQUITY

Note B10-1: Equity - contributed

	2025 $'000	2024 $'000
Opening balance at beginning of year	**440,070**	464,241
Non-appropriated equity injections		
Sustaining capital funding	**45,751**	53,509
Non-appropriated equity withdrawals		
Non-cash depreciation funding returned to Department of Health as a contribution towards capital works program	**(86,782)**	(77,665)
Non-appropriated equity		
Asset transfers	**684**	(15)
Net equity injections and equity withdrawals for the period	**399,723**	440,070

Equity contributions consist of cash funds provided for sustaining minor capital works $45.751M during 2025 ($53.509M during 2024) and assets transferred to the Townsville HHS $684K during 2025 ($15K transferred during 2024). Equity withdrawals represent the contribution towards the capital works program undertaken by the Department of Health on behalf of the Townsville HHS.

Capital acquisitions for the Townsville HHS are funded through accumulated surpluses and contributed equity. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to meet service delivery outcomes.

Note B10-2: Asset Revaluation Surplus

	2025 $'000	2024 $'000
Land		
Balance at the beginning of the financial year	**35,064**	34,742
Revaluation increments/(decrements)	**3,866**	322
	38,930	35,064
Buildings		
Balance at the beginning of the financial year	**343,065**	280,762
Revaluation increments	**81,327**	62,303
	424,392	343,065
Balance at the end of the financial year	**463,322**	378,129

The asset revaluation surplus represents the net effect of revaluation movements in assets.

B11 LEASES

Note B11-1: Leases as a Lessee

Right-of-use assets

	Buildings $'000
Balance at 30 June 2024	3,063
Additions	3,394
Disposals	-
Depreciation expense	(1,298)
Balance at 30 June 2025	5,159

	Buildings $'000
Carrying amount at 1 July 2023	3,622
Additions	545
Depreciation expense	(1,104)
Carrying amount at 30 June 2024	3,063

Lease liabilities	**2025 $'000**	**2024 $'000**
Current		
Lease liabilities	**1,111**	996
Non-current		
Lease liabilities	**4,259**	2,266
Total	**5,370**	3,262

Right-of-use assets

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received
- initial direct costs incurred, and
- the initial estimate of restoration costs.

Right-of-use assets are subsequently depreciated over the lease term and be subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates or a change in lease term.

The Townsville HHS measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

The Townsville HHS has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than $10,000 when new.

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the Department is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the department under residual value guarantees
- the exercise price of a purchase option that the department is reasonably certain to exercise
- payments for termination penalties if the lease term reflects the early termination

When measuring the lease liability, the Townsville HHS uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the Townsville HHS's leases. To determine the incremental borrowing rate, the Townsville HHS uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in the lease arrangement.

Disclosures – Leases as a lessee

(i) Details of leasing arrangements as lessee

Category/Class of Lease Arrangement	Description of Arrangement
Building leases	Townsville HHS routinely enters into leases for housing and commercial space. Lease payments are subject to market rent reviews and/or CPI adjustments.

(ii) Office accommodation, employee housing and motor vehicles

The Department of Housing and Public Works (including QFleet) provides the Townsville HHS with access to office accommodation, employee housing and motor vehicle leases under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because these Departments have substantive substitution rights over the assets. The related service expenses are included in Note B2-3.

(iii) Amounts recognised in profit or loss

	2025 $'000	2024 $'000
Interest expense on lease liabilities	**187**	69
Breakdown of 'Lease expenses' included in Note [B2-3]		
Expenses relating to short-term leases	**2,935**	2,700
Expenses relating to QFleet	**2,028**	1,543
Income from subleasing included in 'Rental Income' in Note [B1-4]	**(632)**	(648)

C1 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions (an exit price) regardless of whether the price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/ liabilities being valued, and include, but are not limited to, published sales data for land.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Townsville HHS include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service buildings and on hospital-site residential facilities, including historical and current construction contracts (and/or estimates of such costs), and assessments 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/liabilities.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefit by using the asset in its highest and best use, which is its current use unless the asset is classified as held-for-sale under AASB 5 or it becomes highly probable that the asset will be used for an alternative purpose.

All assets and liabilities of the Townsville HHS for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly; and
- Level 3: represents fair value measurements that are substantially derived from unobservable inputs.

There were no transfers of assets between fair value hierarchy levels during the period.

2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land	**-**	**68,424**	**-**	**68,424**
Buildings	**-**	**2,167**	**752,732**	**754,899**
Heritage, artworks and cultural assets	**-**	**-**	**428**	**428**
Total assets	**-**	**70,591**	**753,160**	**823,751**

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land	-	64,558	-	64,558
Buildings	-	1,073	716,404	717,477
Heritage, artworks and cultural assets	-	-	428	428
Total assets	-	65,631	716,832	782,463

Refer to B7-2 for valuation of land and buildings.

C2 FINANCIAL RISK MANAGEMENT

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Townsville HHS holds financial instruments in the form of cash, receivables and payables.

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Townsville HHS 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

The Townsville HHS does not enter into transactions for speculative purposes, or for hedging. Apart from cash and cash equivalents, the Townsville HHS holds no financial assets classified at fair value through profit or loss.

The Townsville HHS is exposed to a variety of financial risks – credit risk, liquidity risk and market risk. The Townsville HHS holds the following financial instruments by category:

	2025 $'000	2024 $'000
Financial Assets		
Cash and cash equivalents	**81,029**	63,596
Financial assets at amortised cost:		
Trade and other receivables	**15,168**	15,749
Net GST input tax credits receivable	**2,788**	1,826
Total Financial Assets	**98,985**	81,171

	2025 $'000	2024 $'000
Financial Liabilities		
Financial liabilities at amortised cost - comprising:		
Trade and other payables	**136,596**	108,497
Lease liabilities	**5,370**	3,262
Total Financial Liabilities	**141,966**	111,759

No financial assets and liabilities have been offset and presented net in the statement of financial position.

Risk management is carried out by senior finance executives under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Townsville HHS and appropriate procedures, controls and risk limits. Finance reports to the Board monthly.

Risk Exposure	Measurement method
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by management for short term obligations
Market risk	Interest rate sensitivity analysis

(a) Credit risk

Credit risk is the potential for financial loss arising from a counterparty defaulting on its obligations. The maximum exposure to credit risk at balance date is equal to the gross carrying value of receivables, inclusive of any allowance for impairment. The carrying value of receivables represents the maximum exposure to credit risk.

Credit risk on cash deposits is considered minimal given all Townsville HHS deposits are held by the State through Queensland Treasury Corporation and the Commonwealth Bank of Australia and, as such, any reasonable change to trading terms has been assessed not to have a material impact on the Townsville HHS.

The Townsville HHS considers Medicare ineligible debtors to have a significantly increased credit risk and measures the loss allowance of such assets at lifetime expected credit losses by debt type.

Past due but not impaired as well as impaired financial assets are disclosed in Note B4-1.

(b) Liquidity risk

Liquidity risk is the risk that the Townsville HHS will not have the resources required at a time to meet its obligations to settle its financial liabilities.

The Townsville HHS is exposed to liquidity risk through its trading in the normal course of business. The Townsville HHS aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations as they fall due.

The Townsville HHS has an approved overdraft facility of $13.5 million under whole-of-government banking arrangements to manage any short-term cash shortfall. As at 30 June 2025, the Townsville HHS had not drawn down on this facility.

(c) Market risk

The Townsville HHS is not exposed to fluctuations in market prices; market-risk exposure is limited to interest-rate risk.

Townsville HHS's only interest-rate risk exposure is on its 24-hour call deposits, which are limited to the balance as disclosed in Note B3.

The impact of a reasonably possible change in interest rates has been assessed not to have a material impact on the Townsville HHS.

C3 CONTINGENCIES

(a) Litigation in Progress

As at 30 June 2025, the following cases were filed in the courts naming the State of Queensland acting through the Townsville Hospital and Health Service as defendant:

Court	2025 No. of cases	New Cases	Completed Cases	2024 No. of cases
Health Litigation	69	36	43	76
General Liability	9	10	10	9
Property	5	3	-	2
	83	49	53	87

Health litigation is underwritten by the Queensland Government Insurance Fund. The Townsville HHS's liability in this area is limited to an excess per insurance event of $20,000 for health litigation claims and $10,000 for General Liability, Property and Business interruption claims.

The Townsville HHS's legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time, but do not anticipate that the amount would exceed $1.520M (2024: $1.630M), being the upmost deductible amount being payable, based on the claims reflected above.

(b) Financial Guarantees

Townsville HHS holds a register of unconditional undertakings in the form of contract performance guarantees as defined in the *Financial and Performance Management Standard 2019*.

The fair value of the performance guarantees at 30 June 2025 is $4.121M (2024: $3.295M) and is not considered to be material and is not recognised in the statement of financial position.

The HHS does not expect that the contract guarantees will be called upon. Consequently, the probability of contract performance default is considered remote, and any provisions would also not be material

C4 COMMITMENTS

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2025 $'000	2024 $'000
Capital expenditure commitments		
Committed at reporting date but not recognised as liabilities, payable:		
Property, plant and equipment		
Not later than 1 year	**2,708**	11,533
Later than 1 year and not later than 5 years	**19,504**	11,772
	22,212	23,305

D1 BUDGETARY REPORTING DISCLOSURES

In accordance with Accounting Standard AASB 1055, explanations of major variances between actual amounts presented in the financial statements against the 2024-2025 budgets are disclosed below.

Materiality for Notes commentary is based on the calculation of the line item's actual value percentage of the group total. If the percentage is greater than 5 per cent and movement greater than $1 million, the line-item variance from budget to actual is deemed material.

a) Statement of comprehensive income

Statement of comprehensive income

	Budget 2025	Actual 2025	Variance	Variance	
	$'000	$'000	$'000	%	
Income					
User charges	95,950	120,716	24,766	25.81%	(a)
Funding for public health services	1,322,995	1,392,396	69,401	5.25%	(b)
Grants and other contributions	39,922	48,397	8,475	21.23%	(c)
Other revenue	3,856	10,600	6,744	174.90%	(d)
Total revenue	**1,462,723**	**1,572,109**	**109,386**		
Expenses					
Employee expenses	(182,634)	(196,691)	(14,057)	7.70%	(e)
Health Service employee expenses	(879,247)	(876,269)	2,978	-0.34%	(e)
Supplies and services	(292,872)	(391,717)	(98,845)	33.75%	(f)
Grants and subsidies	(126)	(532)	(406)	322.22%	
Interest on lease liabilities	(73)	(187)	(114)	156.16%	
Depreciation and amortisation	(81,003)	(86,782)	(5,779)	7.13%	(g)
Impairment losses on financial assets	(1,100)	(3,385)	(2,285)	207.73%	(h)
Other expenses	(25,668)	(15,938)	9,730	-37.91%	(i)
Total expenses	**(1,462,723)**	**(1,571,501)**	**(108,778)**		
Operating result for the year	**-**	**608**	**608**		
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Increase in asset revaluation surplus	-	85,193	85,193		
Other comprehensive income for the year	**-**	**85,193**	**85,193**		
Total comprehensive income for the year	**-**	**85,801**	**85,801**		

Major variances between 2024–2025 budget and 2024-2025 actual amounts include:

a. The increase in User charges is principally due to the continued improvement in own source revenue processes including increases in revenue from inpatients, outpatients, workers compensation, non-patient income inclusive of Pharmaceutical Benefits Scheme (PBS) cost recovery revenue and inter-entity sales recoveries.

b. The increase in Funding for public health services is due to additional post-budget funding being provided through in-year amendments to the Service Agreement for the delivery of increased public hospital and health services such as winter support bed initiatives, Surgery Connect – Ophthalmology outsourcing, Putting Queensland Kids First Initiative, additional eHealth funding and the provision of funding for EBA outcomes, non-labour escalation and additional depreciation funding.

c. Grants and other contributions were favourable to budget due to receipt of additional funding of Australian Government-Specific purpose recurrent grants, increases in Commonwealth Nursing Home grants and increases research and other general grant funding received by the Townsville HHS.

d. Other revenue budget variance was a result of salary recoveries and interest receipts greater than anticipated.

e. The increase in employee expenses principally relates to EBA outcomes and additional employee expenses associated with in-year amendments to the Service Agreement for the delivery of increased public hospital and health services.

f. Supplies and services expense relates to increased delivery of public hospital and health services including aeromedical services, communications, drug costs, other supplies and services, prosthetics charges, outsourced service delivery, repairs and maintenance and the increased cost of goods and services consumed due to cost increases associated with consumer price index price movements.

g. The increase is due to the 2023-24 actual closing balance for property, plant and equipment being higher than the estimated, balance due to the significant 2023-24 land and building revaluation movement and above budget capital acquisitions this year.

h. Impairment losses on financial assets were greater than expected due to bad and doubtful debts written off, predominantly related to Medicare ineligible inpatients.

i. The variance in Other expenses is due to end of year technical adjustments for activity and program related funding in accordance with AASB1058.

Statement of financial position

	Budget 2025	Actual 2025	Variance	Variance	
	$'000	$'000	$'000	%	
Assets					
Current assets					
Cash and cash equivalents	65,668	81,029	15,361	23.39%	(a)
Trade and other receivables	28,273	39,393	11,120	39.33%	(b)
Inventories	10,985	13,014	2,029	18.47%	(c)
Other assets	2,376	3,584	1,208	50.84%	(d)
Total current assets	**107,302**	**137,020**	**29,718**		
Non-current assets					
Property, plant and equipment	873,230	944,623	71,393	8.18%	(e)
Right-of-use assets	1,880	5,159	3,279	174.41%	(f)
Intangibles	31	2,633	2,602	8393.55%	(g)
Total non-current assets	**875,141**	**952,415**	**77,274**		
Total assets	**982,443**	**1,089,435**	**106,992**		
Liabilities					
Current liabilities					
Trade and other payables	91,893	136,596	44,703	48.65%	(h)
Lease liabilities	643	1,111	468	72.78%	
Accrued employee benefits	8,542	4,103	(4,439)	-51.97%	(i)
Other liabilities	1,309	1,523	214	16.35%	
Total current liabilities	**102,387**	**143,333**	**40,946**		
Non-current liabilities					
Trade and other payables	540	-	(540)	-100.00%	
Lease liabilities	1,432	4,259	2,827	197.42%	(f)
Total non-current liabilities	**1,972**	**4,259**	**2,287**		
Total liabilities	**104,359**	**147,592**	**43,233**		
Net assets	**878,084**	**941,843**	**63,759**		
Equity					
Contributed	451,224	399,723	(51,501)	-11.41%	(j)
Asset revaluation surplus	342,607	463,322	120,715	35.23%	(k)
Accumulated surpluses	84,253	78,798	(5,455)	-6.47%	(l)
Total equity	**878,084**	**941,843**	**63,759**		

Major variances between 2024-2025 budget and 2024-2025 actual amounts include:

a. The cash increase is due to timing of payroll payments made across reporting periods. Additionally, there has been an increase to trade and other payables due to timing of payments made at year end.

b. Trade and other receivables exceeded budget as a result of an unanticipated increase in contract assets classified under AASB1058 and AASB15.

c. Inventory balances exceeded budget as a result of increased stock holdings and clinical supplies and pharmacy inventory price increases.

d. Other assets exceeded budget as a result of increased prepayments recognised at the end of the reporting period.

e. Property, plant and equipment variance is due to the actual 2024-2025 land and building valuation being higher than anticipated in addition to increased capital acquisitions in year.

f. Right of use assets and corresponding lease liability (non-current), exceeded budget as a result of additional right of use assets recognised in year.

g. The variance in intangible assets is due to the capitalisation of internally generated intangible assets not budgeted for.

h. Trade and other payables balances (current and non-current) is reflective of increased service delivery and increased costs and adjustments to service over-delivery activity and unpaid at year end due to timing.

i. Accrued employee benefits budget variance is due to the timing of the payroll payment run and increase in leave accrual by days.

j. The contributed equity accumulation reflects the timing of the expected capital program completion and actual associated funding.

k. The asset revaluation surplus variance to budget reflects accumulated increase in asset revaluations as per the annual revaluation of land and buildings at fair value.

l. The variance of accumulated surplus' against budget is due principally to the 2024-2025 operating result.

Statement of cash flows

	Budget 2025	Actual 2025	Variance	Variance	
	$'000	$'000	$'000	%	
Cash flows from operating activities					
Inflows					
User charges	94,950	126,368	31,418	33.09%	(a)
Funding for public health services	1,322,968	1,302,512	(20,456)	-1.55%	(b)
Grants and other contributions	30,590	48,373	17,783	58.13%	(c)
Interest received	400	1,090	690	172.50%	
GST input tax credits from ATO	15,951	27,812	11,861	74.36%	(d)
GST collected from customers	-	3,314	3,314	0.00%	(d)
Other revenue	3,436	9,217	5,781	168.25%	(e)
Outflows					
Employee expenses	(182,634)	(195,861)	(13,227)	7.24%	(f)
Health Service Employee expenses	(879,247)	(872,846)	6,401	-0.73%	(f)
Supplies and services	(291,177)	(372,140)	(80,963)	27.81%	(g)
Grants and subsidies	(126)	(532)	(406)	322.22%	
Interest payments on lease liabilities	(73)	(187)	(114)	156.16%	
GST paid to suppliers	(15,962)	(25,403)	(9,441)	59.15%	(d)
GST remitted to ATO	-	(2,933)	(2,933)	0.00%	(d)
Other expenses	(16,336)	(19,690)	(3,354)	20.53%	(h)
Net cash from/(used by) operating activities	**82,740**	**29,094**	**(53,646)**		
Cash flows from investing activities					
Outflows					
Payments for property, plant and equipment	-	(56,828)	(56,828)	0.00%	(i)
Inflows					
Proceeds from disposal of property, plant and equipment	20	-	(20)	-100.00%	
Net cash from/(used by) investing activities	**20**	**(56,828)**	**(56,848)**		
Cash flows from financing activities					
Inflows					
Proceeds from equity injections	1,635	45,751	44,116	2698.23%	(j)
Outflows					
Lease payments	(794)	(584)	210	-26.45%	
Payments for equity withdrawals	(81,003)	-	81,003	-100.00%	(k)
Net cash from/(used by) financing activities	**(80,162)**	**45,167**	**125,329**		
Net increase/(decrease) in cash held	**2,598**	**17,433**	**14,835**		
Cash and cash equivalents at the beginning of the financial year	63,070	63,596	526		
Cash and cash equivalents at the end of the financial year	**65,668**	**81,029**	**15,361**		

Major variances between 2024-2025 budget and 2024-2025 actual amounts include:

a. User charges variance relates to increased receipts from inpatients, outpatients, workers compensation, non-patient income inclusive of Pharmaceutical Benefits Scheme (PBS) cost recovery revenue and inter-entity sales recoveries.

b. Funding for public health services variance relates to post-budget funding being provided through in-year amendments to the Service Agreement for the delivery of increased public hospital and health services and the provision of funding to support Enterprise Bargaining Agreements negotiated and payable in year.

c. Grants and Contributions is over budget as a result of increased receipts from Commonwealth Specific-Purpose grants, Commonwealth Nursing Home grants and research and other general grant funding received by the Townsville HHS.

d. GST collected and paid variance is due to the higher than budgeted payments and receipts of GST related supplies and services.

e. The budget overstates the expected cash flow from other revenue as it incorporates the rolled over opening trust balances relating to Trust and Research, which do not generate a cash flow in year.

f. Employee expenses variance reflects post-budget additional employee costs attributable to in-year amendments to the Service Agreement for the delivery of increased public hospital and health services and increases arising from Enterprise Bargaining agreements. Additionally, the timing of cash payments for pay periods at year end affects reported amounts. A portion of Employee expenses was budgeted in Health Service Employee Expenses.

g. Supplies and Services variance principally relates to increased costs associated with increased public hospital and health services and the increased cost of goods and services consumed in the delivery of these services with above budgeted consumer price index price movements.

h. Other expenses budget variance relates to increases in QGIF premiums and the cash movement for payments and receipts of GST.

i. The Payment for Property, plant and equipment variance relates to the Department holding the budget for Department funded capital acquisitions/projects. Townsville HHS pays for all capital acquisitions/projects and is reimbursed by the Department on a cost recovery basis in arrears. Acquisitions/projects include the Townsville HHS hospital expansion project, integrated CT Scanner for the Townsville University Hospital Hybrid Operating Theatre, HVAC refurbishment, NQ Kidney Transplant Database, Ayr and Charters Towers Health Facility Central Sterilisation department compliance works, Cardiac Angio Suite, upgrades to Ingham Health Facilities, Sustaining Capital and Health Technology Equipment Replacement Programs.

j. The Proceeds from equity injections variance relates to the Department holding the budget for Department funded acquisitions/projects. The Townsville HHS pays for the capital acquisitions/projects and is reimbursed on a cost recovery basis by the Department in arrears.

k. The Proceeds from equity withdrawals variance relates to depreciation and amortisation funding being treated as a cash item (equity withdrawal) in the budget, however depreciation and amortisation funding is a non-cash adjustment.

E1 PATIENT TRUST FUNDS

	2025	2024
	$'000	$'000
Patient Trust receipts and payments		
Receipts		
Amounts receipted on behalf of patients	**10,604**	15,744
Total receipts	**10,604**	15,744
Payments		
Amounts paid to or on behalf of patients	**(8,869)**	(13,336)
Total payments	**(8,869)**	(13,336)
Trust assets and liabilities		
Assets		
Current asset beginning of year	**9,185**	6,777
Total assets	**10,920**	9,185

Patient Trust

The Townsville HHS is responsible for the efficient, effective and accountable administration of patients' monies. Patients' monies/ properties are held in a fiduciary capacity for the benefit of the patient to whom the duty is owed.

Patients' monies do not represent resources controlled by the Townsville HHS. These monies are received and held on behalf of patients and, as such, do not form part of the assets recognised by the Townsville HHS. The Townsville HHS acts in a trust capacity in relation to patient trust accounts. Although patient funds are not controlled by the Townsville HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

Patient Trust funds include refundable accommodation deposits (RADs) and represent amounts received from residents in aged care facilities for their accommodation. These amounts are permitted to be used for the purposes specified in Section 52N-1(2) of the *Aged Care Act 2011* including investments and facilitating ongoing capital investment in aged care infrastructure. Refundable accommodation deposits are refundable to residents when they leave a residential aged care facility. These funds are retained in the Queensland Treasury Corporation Cash Fund.

Interest earned from RADs is offset against operating and capital costs of the aged care facilities concerned.

E2 RESTRICTED ASSETS

	2025 $'000	2024 $'000
Study Education and Research Trust		
Revenue	**1,952**	1,802
Education and professional development	**(39)**	(24)
Travel	**(13)**	(5)
Equipment	**(47)**	(44)
Research grants and expenses	**(2,655)**	(1,694)
Total Payments	**(2,754)**	(1,767)
Surplus/(Deficit) for the year	**(802)**	35
Current asset beginning of year	**8,831**	9,397
Non-current assets	**(384)**	(601)
Current asset end of year	**7,645**	8,831
Plus: Amounts held in other trusts	**14,862**	12,130
Total General Trust Funds	**22,507**	20,961

Restricted Assets

General Trust transactions incorporate monies received through fundraising activities, donations, and bequests which are held by the Townsville HHS for a stipulated purpose as well as cash contributions arising from the Right of Private Practice arrangements that are specified for study, education and research activities.

The General Trust fund includes Study Education and Research Trust Account (SERTA) as disclosed in this table. Under the MOCA 6 Granted Private Practice Revenue Retention arrangement, service-retention amounts generated by doctors after reaching the threshold allowable under the retention arrangement are held in trust for specific purposes of study, education and research activities.

General Trust Funds are managed on an accrual basis and form part of cash and cash equivalents at 30 June 2025. This money is controlled by the Townsville HHS and forms part of the cash and cash equivalents balance (refer to Note B3); however, it is restricted as it can only be used for specific purposes. At 30 June 2025 amounts of $22.507M (2024: $20.961M) are set aside for the specified purpose of the underlying contribution.

Given that funds generated from private practice arrangements are reflected in the Statement of Comprehensive Income when the services are rendered, the timing of SERTA expenditure can impact on the overall Townsville HHS operating result. For instance, a positive financial impact will result when SERTA revenue exceeds SERTA expenditure during any given financial year. Conversely, a negative financial impact will result when SERTA expenditure exceeds SERTA revenue during any given financial year.

E3 ARRANGEMENTS FOR THE PROVISION OF PUBLIC INFRASTRUCTURE BY OTHER ENTITIES

The Department of Health, prior to the establishment of the Townsville HHS, had entered into several contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities for a period of time on land now controlled by the Townsville HHS (Public Private Partnership (PPP) arrangements).

Although the land on which the facilities have been constructed remains an asset of the Townsville HHS, the Townsville HHS does not control the facilities with these arrangements. Therefore, these facilities are not recorded as assets. The Townsville HHS received rights and incurs obligations under these arrangements including:

a. rights and obligations to receive and pay cash flows in accordance with the respective contractual arrangements; and
b. rights to receive the facilities at the end of the contractual term.

The arrangements have been structured to minimise risk exposure for the Townsville HHS. The Townsville HHS has not recognised any rights or obligations that may attach to those arrangements.

Public Private Partnership arrangements operating during the financial year are as follows:

	2025	2024
	$'000	$'000
Revenue and expenses		
Revenue		
Medilink	**50**	50
Goodstart Early Learning	**19**	18
Total revenue	**69**	68

Medilink

The developer has constructed an administrative and retail complex on the site at Townsville University Hospital. Land rental of $36,000 per annum, escalated for CPI annually will be received from the facility owner up to January 2042. The facility owner operates and maintains the facility at its sole cost and risk. Estimated net rent receivable to 2042 is $1.020M (2024: $1.070M).

Goodstart Early Learning Centre

The developer has constructed a childcare facility on the site at Townsville University Hospital. Land rental of $14,000 per annum, escalated for CPI annually will be received from the facility owner up to February 2044. The facility owner operates and maintains the facility at its sole cost and risk. Estimated net rent receivable to 2042 is $0.413M (2024: $0.432M).

In accordance with the relevant provisions of the contractual arrangements, the ownership of the building's transfers to Townsville HHS at no cost to the Townsville HHS at the expiry of the contractual arrangements.

F1 KEY MANAGEMENT PERSONNEL AND REMUNERATION

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing, and controlling the activities of the Townsville HHS, directly or indirectly, including any director of the Townsville HHS. The following persons were considered key management personnel of the Townsville HHS during the current financial year.

Key management personnel and remuneration disclosures are made in accordance with Section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. The Townsville HHS's responsible Minister, the Hon Timothy Nicholls MP, is identified as part of the Townsville HHS's KMP.

Position	Name	Contract classification and appointment authority	Initial Appointment date
Chair of Townsville Hospital and Health Board (Townsville HHB) Chair of Board Executive Committee	Tony Mooney AM	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2028*	18/05/2016
Deputy Chair Townsville HHB Chair of Board Finance Committee	Michelle Morton	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2026*	29/06/2012
Board Member Townsville HHB Chair of Board Audit and Risk Committee	Debra Burden	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2028*	18/05/2016
Board Member Townsville HHB	Luke Guazzo	*Hospital and Health Board Act 2011* *Tenure: 01/04/2024 - 31/03/2026*	1/04/2022
Board Member Townsville HHB Chair of Board Stakeholder Engagement Committee	Nicole Hayes	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2028*	18/05/2019
Board Member Townsville HHB	Graham Pattel	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 28/10/2024*	1/04/2024
Board Member Townsville HHB	Professor Kunwarjit Sangla	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2026*	1/04/2024
Board Member Townsville HHB	Dr Erin Waters	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2026*	1/04/2024
Board Member Townsville HHB Chair of Board Safety and Quality Committee	Georgina Whelan	*Hospital and Health Boards Act 2011* *Tenure: 01/04/2024 - 31/03/2028*	18/05/2020

Position	Name	Contract classification and appointment authority	Initial Appointment date
Health Service Chief Executive - responsible for the strategic direction and the efficient, effective and economic administration of the health service.	Kieran Keyes	S24/S70 01 *Hospital and Health Boards Act 2011*	13/11/2017
Chief Operating Officer - responsible for the efficient operation of the health service providing strategic leadership and direction for the delivery of health services across the Townsville HHS catchment	Stephen Eaton	HES3-3 01 *Hospital and Health Boards Act 2011* *Tenure: 12/11/2018 – 25/07/2025*	12/11/2018
Acting Chief Operating Officer - responsible for the efficient operation of the health service providing strategic leadership and direction for the delivery of health services across the Townsville HHS catchment.	Susan Freiberg	HES3-3 01 *Hospital and Health Boards Act 2011*	17/02/2025
Chief Finance Officer - responsible for strategic leadership and direction over the efficient, effective and economic financial administration of the Townsville HHS.	Anthony Mathas	HES3-2 01 *Hospital and Health Boards Act 2011* *Tenure: 16/05/2022 - 16/12/2024*	16/05/2022
Chief Finance Officer - responsible for strategic leadership and direction over the efficient, effective and economic financial administration of the Townsville HHS	Michelle Warrington	HES3-1 01 *Hospital and Health Boards Act 2011*	18/11/2024
Executive Director People Strategy and Governance - provides direct advice to the Health Service Chief Executive (HSCE) and Townsville Hospital and Health Board (THHB) Chair. The purpose of the role is to drive the strategic workforce agenda for the Townsville HHS in relation to the ongoing attraction, development, and retention of a highly skilled and motivated workforce and leading the strategic and corporate governance functions of the organisation.	Shellee Chapman	HES2-5 01 *Hospital and Health Boards Act 2011*	23/10/2023
Executive Director Aboriginal and Torres Strait Islander Health - provides strategic oversight and operational leadership for indigenous liaison, workforce management and cultural practices.	Amanda Cooms	90HWF9NQ 00 *Hospital and Health Boards Act 2011*	15/05/2023
Executive Director Clinical Governance - provides strategic oversight of the safety and quality functions across the Townsville HHS.	Marina Daly	HES2-3 01 *Hospital and Health Boards Act 2011*	12/11/2019
Executive Director Infrastructure Program Delivery - responsible for providing strategic direction and leadership to health infrastructure of the Townsville HHS.	Stuart Garantziotis	HES2-3 01 *Hospital and Health Boards Act 2011* *Tenure: 06/03/2023 - 28/03/2025*	6/03/2023
Executive Director Infrastructure Program Delivery - responsible for providing strategic direction and leadership to health infrastructure of the Townsville HHS.	Thomas Hegarty	HES2-3 01 *Hospital and Health Boards Act 2011*	24/03/2025
Executive Director Digital Health and Knowledge Management - responsible for providing strategic and operational leadership of Health and Knowledge resources for Townsville HHS.	Louise Hayes	HES2-3 01 *Hospital and Health Boards Act 2011*	11/03/2019

Position	Name	Contract classification and appointment authority	Initial Appointment date
Executive Director Allied Health - provides professional leadership for all allied health practitioners, including professional governance, credentialing, education and research for Townsville HHS.	Danielle Hornsby	75HP8-1 01 *Health Practitioners and Dental Officers (Queensland Health) Award - State 2015*	27/11/2017
Executive Director Nursing and Midwifery Services - responsible for providing strategic and operational leadership of nursing and midwifery services of the Townsville HHS. Executive COVID-19 Lead.	Judith Morton	NRG13-2 01 *Hospital and Health Boards Act 2011*	1/12/2014
Chief Medical Officer - responsible for providing strategic and operational leadership of medical service delivery of the Townsville HHS.	Dr Niall Small	MMO14 01 *Hospital and Health Boards Act 2011*	17/02/2020

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Townsville HHS does not bear any cost of remuneration of Ministers. Most Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole-of-Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

The Townsville HHS is independently and locally controlled by the Board. The Board appoints the Health Service Chief Executive and exercises significant responsibilities at a local level, including controlling the financial management of the Townsville HHS and the management of the Townsville HHS land and buildings (section 7 *Hospital and Health Board Act 2011*). Remuneration arrangements for the Townsville HHS 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 the Townsville HHS's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Sector Act 2022* and the *Industrial Relations Act 2016*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses, including:

- salary, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- performance payments recognised as an expense during the year; and
- non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to these benefits

Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

2025	Short- term benefits Monetary	Non-monetary	Post-employment benefits	Long-term benefits	Termination benefits	Total
Name	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Tony Mooney AM	102	10	13	-	-	**125**
Michelle Morton	55	9	7	-	-	**71**
Debra Burden	55	9	7	-	-	**71**
Luke Guazzo	51	9	6	-	-	**66**
Nicole Hayes	55	-	7	-	-	**62**
Graham Pattel	18	-	2	-	-	**20**
Professor Kunwarjit Sangla	51	8	6	-	-	**65**
Dr Erin Waters	51	8	6	-	-	**65**
Georgina Whelan	55	9	7	-	-	**71**
Kieran Keyes	413	9	48	10	-	**480**
Stephen Eaton	159	-	17	4	-	**180**
Susan Freiberg	87	-	10	2	-	**99**
Anthony Mathas	117	9	6	1	284	**417**
Michelle Warrington	180	9	19	4	-	**212**
Shellee Chapman	250	8	29	6	-	**293**
Amanda Cooms	263	1	14	3	-	**281**
Marina Daly	237	8	27	5	-	**277**
Stuart Garantziotis	179	9	20	4	-	**212**
Thomas Hegarty	64	-	7	1	-	**72**
Louise Hayes	240	9	28	5	-	**282**
Danielle Hornsby	225	4	26	5	-	**260**
Judith Morton	296	9	33	7	-	**345**
Dr Niall Small	709	8	74	17	-	**808**

2024	Short- term benefits Monetary	Non-monetary	Post-employment benefits	Long-term benefits	Termination benefits	Total
Name	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**
Tony Mooney AM	102	9	15	-	-	126
Michelle Morton	54	9	8	-	-	71
Debra Burden	54	9	8	-	-	71
Luke Guazzo	54	9	8	-	-	71
Nicole Hayes	54	-	8	-	-	62
Danette Hocking	38	-	6	-	-	44
Graham Pattel	12	-	2	-	-	14
Professor Kunwarjit Sangla	12	8	2	-	-	22
Dr Erin Waters	12	-	2	-	-	14
Robert Whaleboat	41	9	6	-	-	56
Georgina Whelan	54	9	8	-	-	71
Kieran Keyes	390	9	45	9	-	453
Stephen Eaton	259	9	35	6	-	309
Anthony Mathas	268	9	34	6	-	317
Shellee Chapman	175	8	20	4	-	207
Amanda Cooms	228	5	28	5	-	266
Marina Daly	236	10	34	6	-	286
Stuart Garantziotis	221	8	27	5	-	261
Louise Hayes	230	9	30	5	-	274
Danielle Hornsby	213	8	25	5	-	251
Sharon Kelly	50	6	7	1	1	65
Judith Morton	277	9	36	6	-	328
Dr Niall Small	668	7	87	16	-	778

F2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

Any transactions in the year ended 30 June 2025 between the Townsville HHS and key management personnel, including the people/entities related to key management personnel were on normal commercial terms and conditions and were immaterial in nature.

Transactions with other Queensland Government-controlled entities

The Townsville HHS 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.

	2025 $'000	2024 $'000
Entity – Department of Health		
Revenue	**956,206**	874,819
Expenditure	**136,786**	126,059
Asset	**14,423**	17,087
Liability	**60,864**	51,148
Entity – Department of Housing and Public Works (including QFleet)		
Expenditure	**4,940**	4,254

Department of Health

The Townsville HHS's primary source of funding is provided by the Department of Health, with payments made in accordance with a service agreement. The signed service agreements are published on the Queensland Government website and are publicly available. For further details on the purchase of health services by the Department refer to Note B1-2.

The Department of Health centrally manages, on behalf of hospital and health services, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications and technology services. In addition, the Townsville HHS receives corporate services support from the Department at no cost. Corporate services received include payroll services, financial transactions services (including accounts payable and banking services), administrative services and information technology services. For further details on these services received by the Department refer to Note B1-3.

Any associated receivables or payables owing to the Department of Health at 30 June 2025 are included in the balances within Note B4, Note B8 and Note B9 and separately disclosed in the table above.

The Department of Heath also provides funding from the State as equity injections to purchase property, plant and equipment. All construction of major health infrastructure is managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department to the Townsville HHS. Throughout the year, funding received to cover the cost of depreciation is offset by a withdrawal of equity by the State for the same amount. For further details on equity transactions with the Department refer to the Statement of Changes in Equity.

Entity – Department of Housing and Public Works (including QFleet)

Department of Housing and Public Works - Townsville HHS pays rent to the Department of Housing and Public Works for several properties. In addition, the Townsville HHS pays the Department of Housing and Public Works for vehicle fleet management services.

There are no material transactions with other Queensland Government controlled entities.

Queensland Treasury Corporation

The Townsville HHS holds cash investments with Queensland Treasury Corporation (QTC) in relation to trust monies which are outlined in Note E1 and Note E2.

F3 TAXATION

The Townsville HHS is exempted from income tax under the *Income Tax Assessment Act 1936* and is exempted from other forms of Commonwealth taxation except for *Fringe Benefits Tax (FBT)* and *Goods and Service Tax (GST)*.

All FBT and GST reporting to the Commonwealth is managed centrally by the Department of Health, with payments/receipts made on behalf of Townsville HHS reimbursed to/from the Department monthly. GST credits receivable from, and GST payable to the ATO, are recognised on this basis.

Both the Townsville HHS and the Department of Health satisfy section 149-25(e) of the *A New Tax System (Goods and Services) Act 1999 (Cth) (the GST Act).* Consequently, they were able with other hospital and health services, to form a "group" for GST purposes under Division 149 of the GST Act. Any transactions between the members of the "group" do not attract GST.

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

F4 FIRST-YEAR APPLICATION OF NEW STANDARDS OR CHANGE IN POLICY

Accounting standards applied for the first time

No new accounting standards or interpretations that apply to the department for the first time in 2024-2025 had any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2024-2025. The Townsville HHS has reviewed upcoming Australian Accounting Standards and identified AASB 18 as the only standard with potential impact. AASB 18 will apply from the 2028–29 financial year and introduces revised presentation formats for the Statement of Comprehensive Income, new disclosure requirements for management-defined performance measures, and changes to the classification of certain cash flow items.

Importantly, this standard affects presentation and disclosure only—there will be no impact on recognition or measurement of financial results. The Australian Accounting Standards Board (AASB) is currently engaging with the not-for-profit and public sector to clarify how AASB 18 will apply in practice. The Townsville HHS will assess the impact once this sector-specific guidance is finalised.

Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 applies to not-for-profit public sector entities for annual reporting periods beginning on or after 1 January 2028, which will be the 2028-29 financial year for the Townsville HHS.

This standard sets out new requirements for the presentation of the Statement of Comprehensive Income, requires new disclosures about management-defined performance measures and removes existing options in the classification of dividends and interest received and interest paid in the Statement of Cash Flows.

The AASB is aware that there are issues that need to be clarified in applying AASB 18's new requirements to not-for-profit entities. The AASB expects to conduct outreach with not-for-profit and public sector entities to address these issues and expects that modifications to AASB 18 for application by these entities could take the form of guidance, exemptions and alternative requirements.

The Townsville HHS will make an assessment of the expected impacts of AASB 18 after the AASB has decided on the modifications applicable to not-for-profit public sector entities. AASB 18's changes will only affect presentation and disclosure; it will

not affect the recognition or measurement of any reported amounts.

F5 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Townsville HHS's operations, the results of those operations, or the Townsville HHS's future in financial years.

F6 CLIMATE RISK

The State of Queensland, as the ultimate parent of the Sunshine Department, provides information and resources on climate related strategies and actions accessible at https://www.energyandclimate.qld.gov.au/climate and https://www.treasury.qld.gov.au/energy-and-climate/.

The Queensland Sustainability Report (QSR) outlines how the Queensland Government measures, monitors and manages sustainability risks and opportunities, including governance structures supporting policy oversight and implementation. To demonstrate progress, the QSR also provides time series data on key sustainability policy responses. The QSR is available via Queensland Treasury's website at https://www.treasury.qld.gov.au/programs-and-policies/queensland-sustainability-report.

No adjustments to the carrying value of assets were required during the 2024–25 financial year because of climate-related risks impacting accounting estimates or judgements. Additionally, no other transactions were recorded specifically in response to climate-related risks. Townsville HHS actively monitors emerging climate-related risks to ensure any future financial implications are identified and addressed in line with relevant accounting guidance and government policy.

MANAGEMENT CERTIFICATE

These general-purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), Section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

a. the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b. the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Townsville Hospital and Health Service for the financial year ended 30 June 2025 and of the financial position of the Townsville Hospital and Health Service at the end of the year.

We acknowledge responsibility under Section 7 and Section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Tony Mooney AM
Board Chair
Townsville Hospital and Health Service
Date: 18/08/2025

Michelle Warrington
Chief Finance Officer
Townsville Hospital and Health Service
Date: 18/08/2025

Kieran Keyes
Health Service Chief Executive
Townsville Hospital and Health Service
Date: 18/08/2025

Queensland
Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of Townsville Hospital and Health Service

Report on the audit of the financial report

Opinion

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

The financial report comprises the statement of financial position as at 30 June 2025, 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 material accounting policy information, and the management certificate.

In my opinion, the financial report:

a. gives a true and fair view of the entity's financial position as at 30 June 2025, and its financial performance and cash flows for the year then ended; and
b. complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

Basis for opinion

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

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

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

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.

Valuation of specialised buildings ($754.9 million)
Refer to Note B7 in the financial report

Key audit matter	How my audit addressed the key audit matter

Buildings were material to Townsville Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method.
 	
Townsville Hospital and Health Service performed a comprehensive revaluation of approximately 36% of its building assets this year as part of the rolling revaluation program. All other buildings were assessed using relevant indices.
 	
The current replacement cost method comprises:
• gross replacement cost, less
• accumulated depreciation.
 	
Townsville Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:
• identifying the components of buildings with separately identifiable replacement costs
• developing a unit rate for each of these components, including:
  - estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. $/square metre)
  - identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference.
 	
The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.
 	
The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.
 	
Using indexation required:
• significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation
• reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used.
	My procedures included, but were not limited to:
	• assessing the adequacy of management's review of the valuation process and results
	• reviewing the scope and instructions provided to the valuer
	• assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices
	• assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices
	• assessing the competence, capabilities and objectivity of the experts used to develop the models
	• for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the:
	  - modern substitute (including locality factors and oncosts)
	  - adjustment for excess quality or obsolescence
	• evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices
	• evaluating useful life estimates for reasonableness by:
	  - reviewing management's annual assessment of useful lives
	  - at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets
	  - testing that no building asset still in use has reached or exceeded its useful life
	  - enquiring of management about their plans for assets that are nearing the end of their useful life
	  - reviewing assets with an inconsistent relationship between condition and remaining useful life
	• where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Queensland Audit Office
Better public services

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 2019* 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

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

Prescribed requirements scope

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

D J Toma
as delegate of the Auditor-General

19 August 2025
Queensland Audit Office
Brisbane

GLOSSARY

AASB	Australian Accounting Standards Board
ABF	Activity-based Funding
AM	Member of the Order of Australia
ATO	Australian Taxation Office
ATS	Australasian Triage Scale
BEMS	Building, Engineering and Maintenance Services
CALD	Culturally and Linguistically Diverse
CCL	Cardiac Catheter Laboratory
CPI	Consumer Price Index
CT	Computed Tomography
DOH	Department of Health
EBA	Enterprise Bargaining Agreements
ED	Emergency Department
EV	Electric Vehicle
FAICD	Fellow of the Australian Institute of Company Directors
FBT	Fringe Benefits Tax
FTE	Full-time Equivalent
GST	Goods and Services Tax
HHS	Hospital and Health Service
HSCE	Health Service Chief Executive
HVAC	Heating, Ventilation and Air-Conditioning
ICARE	Integrity, Compassion, Accountability, Respect and Engagement
ieMR	Integrated electronic Medical Record
IHLO	Indigenous Health Liaison Officer
KMP	Key Management Personnel
LED	Light Emitting Diode
MBA	Master of Business Administration
MOCA	Medical Officers' Certified Agreement
MOHRI	Minimum Obligatory Human Resource Information is a whole-of-government methodology for reporting and monitoring the workforce
MP	Member of Parliament
MRSA	Methicillin-Resistant Staphylococcus Aureus
NAIDOC	National Aborigines and Islanders Day Observance Committee
NQPHN	Northern Queensland Primary Health Network
NQPPMS	North Queensland Persistent Pain Management Service
PBS	Pharmaceutical Benefits Scheme
PeMR	Prisoner electronic Medical Record
POST	Patient Off-Stretcher Time
PPP	Public Private Partnership
QAO	Queensland Audit Office
QGAO	Queensland Government Accommodation Office
QGEA	Queensland Government Enterprise Architecture
QGIF	Queensland Government Insurance Fund
QLD	Queensland
QSR	Queensland Sustainability Report
QTC	Queensland Treasury Corporation
QWAU	Queensland Weighted Activity Units
RACF	Residential Aged Care Facilities
RACP	Royal Australasian College of Physicians
RAD	Refundable Accommodation Deposit
SAB	Staphylococcus Aureus Bloodstream
SERTA	Study Education and Research Trust Account
TAAHC	Tropical Australian Academic Health Centre
THHS	Townsville Hospital and Health Service
TOC	Transfer of Care
TUH	Townsville University Hospital
WAU	Weighted Activity Units
WHS	Work Health and Safety

COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual Report Reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 4
Accessibility	Table of contents	ARRs – section 9.1	Page 5
	Glossary		Page 92
	Public availability	ARRs – section 9.2	Page 2
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	Page 2
	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	Page 2
	Information Licensing	*QGEA – Information Licensing* ARRs – section 9.5	Page 2
General information	Introductory Information	ARRs – section 10	Page 7-9, 12-13
Non-financial performance	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Page 6, 10-11
	Agency objectives and performance indicators	ARRs – section 11.2	Page 27-28
	Agency service areas and service standards	ARRS – section 11.3	Page 29-30
Financial performance	Summary of financial performance	ARRs – section 12.1	Page 31-35
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 14-16, 18, 20
	Executive Management	ARRs – section 13.2	Page 19
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Page 17
	Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	Page 25
	Human Rights	*Human Rights Act 2019* ARRs – section 13.5	Page 25-26
	Queensland public service values	ARRs – section 13.6	Page 25
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 23
	Audit committee	ARRs – section 14.2	Page 18
	Internal audit	ARRs – section 14.3	Page 23-24
	External scrutiny	ARRs – section 14.4	Page 24-25
	Information systems and recordkeeping	ARRs – section 14.5	Page 25
	Information Security attestation	ARRs – section 14.6	Page 25

Summary of requirement		Basis for requirement	Annual Report Reference
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Page 21-23
	Early retirement, redundancy and retrenchment	*Directive No.04/18 Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	Page 23
Open Data	Statement advising publication of information	ARRs – section 16	Page 2
	Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
	Charter of Victims' Rights	*VCSVRB Act 2024* ARRs – section 31.4	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – Section 38, 39 & 46 ARRs – section 17.1	Page 36-88
	Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 89-91

FAA *Financial Accountability Act 2009*
FPMS *Financial and Performance Management Standard 2019*
ARRs *Annual report requirements for Queensland Government agencies*