

Townsville Hospital and Health Service

# ANNUAL REPORT 2020–2021



**Queensland**  
Government



Information about consultancies, overseas travel, and the Queensland Language Services Policy is available at the Queensland Government Open Data website [www.qld.gov.au/data](http://www.qld.gov.au/data). Townsville Hospital and Health Service had no expenditure on overseas travel to report on during 2020-2021.

An electronic copy of this report is available at [www.townsville.health.qld.gov.au](http://www.townsville.health.qld.gov.au) and [www.health.qld.gov.au/townsville/about/annual-report](http://www.health.qld.gov.au/townsville/about/annual-report). Hard copies of the annual report are available by phoning the Public Affairs Manager on (07) 4433 1111. Alternatively, you can request a copy by emailing [tsv-public-affairs@health.qld.gov.au](mailto:tsv-public-affairs@health.qld.gov.au).

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 4433 1111 and we will arrange an interpreter to effectively communicate the report to you.



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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 to Traditional Owners**

The Townsville Hospital and Health Service respectfully acknowledges the traditional owners and custodians both past and present of the land and sea which we service and declares the Townsville Hospital and Health Service commitment to reducing inequalities between Indigenous and non-Indigenous health outcomes in line with the Australian Government's Closing the Gap initiative.

## **Recognition of Australian South Sea Islanders**

Townsville Hospital and Health Service formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. Townsville Hospital and Health Service is committed to fulfilling the *Queensland Government Recognition Statement for Australian South Sea Islander Community* to ensure that present and future generations of Australian 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

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1 September 2021

The Honourable Yvette D'Ath MP  
Minister for Health and Ambulance Services  
GPO Box 48  
Brisbane QLD 4001

Dear Minister

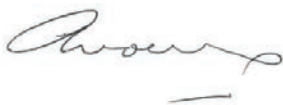
I am pleased to submit for presentation to the Parliament the Annual Report 2020-2021 and financial statements for Townsville Hospital and Health Service.

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 can be found on page 91 of this annual report.

Yours sincerely



Tony Mooney AM  
Chair  
Townsville Hospital and Health Board

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# STATEMENT ON GOVERNMENT OBJECTIVES FOR THE COMMUNITY

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The Townsville Hospital and Health Service (HHS) has contributed, and is continuing to contribute, to the Queensland Government's objectives for the community, built around Unite and Recover – Queensland's Economic Recovery Plan.

The Townsville Hospital and Health Service has contributed to the following objectives:

- **Safeguarding our health:** Safeguard people's health and jobs by keeping Queensland pandemic-ready
- **Supporting jobs:** Support increased jobs in more industries to diversify the Queensland economy and build on existing strengths in agriculture, resources, and tourism
- **Building Queensland:** Drive investment in the infrastructure that supports our recovery, resilience, and future prosperity
- **Growing our regions:** Help Queensland's regions grow by attracting people, talent, and investment, and driving sustainable economic prosperity
- **Investing in skills:** Ensure Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.
- **Backing our frontline services:** Deliver world-class frontline services in key areas such as health, education, and community safety.

The HHS has played a pivotal role in keeping Queensland pandemic-ready. The HHS stood up its Health Emergency Operations Centre, supported by ongoing incident management meetings throughout the financial year, to ensure the health service was well prepared to respond to any positive cases in our communities. The HHS also developed and implemented robust processes for testing and vaccinating our population. A dedicated COVID-19 ward was established at Townsville University Hospital (TUH) and COVID-19 protocols and check-in apps were deployed at all facilities. The local COVID-19 response included drive-through testing centres, pop-up clinics, and the creation of

a staff and community vaccination centre. Testing was also provided to Magnetic Island and the homeless community when several public places in Townsville were declared exposure sites after a positive case travelled to the city while infectious.

Communication and messaging played crucial roles in ensuring our communities understood the steps they needed to take to stay safe, including being vaccinated as the best defence against this disease. The Townsville Hospital and Health Service utilised its social media platforms including Facebook and Instagram to support messaging about testing and vaccination. Our frontline workforce was COVID-19 prepared and played a seminal role in the pandemic response. The Townsville Public Health Unit was at the frontline of contact tracing, isolation and quarantine support, and public education. Nurses, pharmacists, infection-control clinicians, and administration and bookings staff were critical to the frontline response at the vaccination hub and testing clinics.

Outside the COVID-19 response, our 4,000-strong clinical workforce – medical, nursing, and allied health – delivered world-class frontline healthcare across the catchment. We continued to grow our talent by promoting the Townsville Hospital and Health Service as an attractive option for clinicians seeking work, lifestyle, and training opportunities. In 2020-2021, the HHS launched a major recruitment campaign targeted at junior doctors, both within Australia and internationally, promoting world-class medical training and unique career opportunities at a tertiary health service situated in the tropics.

Capital investment in the HHS through local infrastructure projects continued to build Queensland and drive economic prosperity. In 2020-2021, the HHS delivered \$14.7 million in capital works with \$10 million in capital works projects under construction. A local benefits test ensured that local contractors were incentivised to bid for projects driving sustainable economic prosperity in the region.

The TUH Master Plan and the Townsville Hospital and Health Service Rural Sites Master Plan are living documents that outline an ambitious infrastructure and development plan that will define our growth over the next 10 to 20 years. The three-phase, \$2.1 billion redevelopment of TUH will feature clinical core upgrades, new day-procedure facility, and a significant increase to overnight bed capacity to meet the demands of our growing and ageing population. TropiQ, Townsville's Tropical Intelligence and Health Precinct, is advancing with a marked focus on tropical intelligence, health, and marine sciences. TropiQ will leverage a partnership between James Cook University, Townsville Hospital and Health Service, and Townsville City Council to attract domestic and international investment from companies and commercial operators and is expected to contribute an extra \$1 billion a year to the North Queensland economy by 2035.

# FROM THE CHAIR

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I am proud and pleased to present the Townsville Hospital and Health Service Annual Report 2020-2021, outlining our achievements and successes over the financial year.

Again, our year has been dominated by the global pandemic and we have been challenged to deliver COVID-19 testing and vaccinations to keep our community safe. Our focus has been on carefully monitoring bed capacity and ensuring that any care impacted by the pandemic was delivered as soon as was practicably possible.

Our staff have once again been outstanding, not just those on the frontline of the COVID-19 response but those who have delivered care in outpatient clinics, inpatient areas, operating theatres, emergency departments, and community health settings across our catchment. Thank you also to our non-clinical staff who work tirelessly to support the care and comfort of our patients and their families.

We were delighted to welcome the Honourable Yvette D'Ath MP, Minister for Health and Ambulance Services, to Townsville on several occasions this year. In addition to visiting our COVID-19 vaccination hub, Minister D'Ath also accepted our invitation to officially open the \$1.6 million refurbished paediatric space at TUH's emergency department. More than a quarter of the presentations to this emergency department are children aged under 16, and we were most grateful to the Queensland Government for funding this expansion to create a waiting room and treatment spaces that are so much more appealing and appropriate for children and families. In more great news for North Queensland kids, the HHS also secured \$1.4 million to establish a paediatric cardiology service which we expect to have operational next year. Inspiringly, this service will enable children with heart conditions to be treated locally and will prevent disruptive travel and time away for school, friends and loved ones.

The announcement in June that TUH was the successful bidder for the Kidney Transplant Service North Queensland, as part of the expansion of the Statewide Kidney Transplant Service, was another stellar moment for our health service. It confirms Townsville pre-eminent role as northern Australia's leading tertiary health service.

So much of what we achieve and aspire to be as a health service is about leadership. I would like to thank Health Service Chief Executive Kieran Keyes for his stewardship of the organisation in 2020-2021. In a year again dominated by a global pandemic, he has focused the efforts of the organisation on ensuring we were prepared for any eventuality while guaranteeing that the day-to-day work of a tertiary-level health service continued and we delivered superior, safe care for the individuals, families and communities of the region.

I also thank and acknowledge my fellow Board members. They are a great support to me in my role of Chair and have, once again, vigorously and passionately driven the strategic agenda of the organisation to provide high-quality, person-centred care for northern Queensland.

Lastly, I would like to thank our patients, consumers, families, and communities for their belief in the care we provide. Everything is about them, and for them, and I look forward to that continuing in the year to come.

## **Tony Mooney AM**

Chair  
Townsville Hospital and Health Board

# FROM THE CHIEF EXECUTIVE

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It's almost impossible to reflect on the past 12 months with anything other than the COVID-19 pandemic springing to mind. For another year, the world's spotlight has focused on healthcare as the first line of defence against this virus. I am so proud of the work of our health service and our staff right across the board for their fearless dedication to ensuring we kept our communities safe. From the staff in the drive-through testing clinics who sweltered through the summer months in full personal protective equipment, to the bookings staff at the COVID-19 vaccination clinics, and the support, administrative, and other frontline staff who kept the wheels turning to ensure all our patients received the best possible care through lockdowns and travel and visitor restrictions, my sincere and heartfelt thanks.

As Chief Executive, my focus was ensuring that all patients received timely, quality care despite the challenges presented by COVID-19.

Despite the pervasiveness of the pandemic, there was much to celebrate in 2020-2021. Introducing renal dialysis to Charters Towers and Ingham has entered the detailed design and concept stage and is something that will change lives for the better for people living with renal disease in these rural communities. Our strategic commitment to keeping people closer to home has also been supported through initiatives such as Hospital in the Home which this year extended clinical sleep studies to the community allowing people to be assessed in their own beds rather than spending an unsettled night in hospital. The introduction of robotic surgery is allowing us to treat complex cases locally with much quicker recovery and discharge times for patients. An historic agreement with Mater Private Hospital Townsville has brought this revolutionary technology to North Queensland aligning with our strategic objectives to collaborate and innovate to improve patient care.

Research continued to be a focus for the health service in 2020-2021. More than \$1.3 million in Study, Education and Research Trust Account grants was awarded to local researchers positively exploiting our unique position as a tertiary-level health service adjacent to a major university in the tropics.

Other positive engagements occurred throughout the year with our Consumer Advisory Council, Clinical Council, and Aboriginal and Torres Strait Islander Community Advisory Council, which are advisory bodies to the Board, and through a myriad of other consumer and community engagement activities, including Yarning Circles. We know healthcare is stronger, better, and safer when we meaningfully engage with the users of our care.

I would like to thank Board Chair Tony Mooney and the Townsville Hospital and Health Board for their strategic leadership and to my executive team for their support over the past year. While I believe we have delivered great care for our communities this year, there are always opportunities to do it better next time.

Finally, thank you to each and every staff member in our health service. We come to work every day for one reason – to look after the people of our region who need our care. Thank you for doing this with our organisational values of Integrity, Compassion, Accountability, Respect and Engagement in your minds and hearts.

## **Kieran Keyes**

Health Service Chief Executive  
Townsville Hospital and Health Service

# ABOUT US

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The Townsville Hospital and Health Service was established as an independent statutory body on 1 July 2012 under the *Hospital and Health Boards Act 2011* (the Act).

The Townsville Hospital and Health Service covers a geographic expanse extending north to Cardwell, west to Richmond, south to Home Hill, and east to Magnetic and Palm Islands. As northern Australia's only tertiary-level health service, the HHS services an extensive catchment stretching from Mackay in the south, north to the Torres Strait Islands, and west to the Northern Territory border.

The HHS has several rural communities whose population, according to data from the Queensland Government Statistician's Office, live with a high level of relative disadvantage measured by the index of relative socio-economic disadvantage. The Australian Bureau of Statistics estimates that 9.3 per cent of HHS residents are of Aboriginal and Torres Strait Islander descent, almost double the average (4.6 per cent) for Queensland. Around 13 per cent of the HHS's resident population identifies as being born outside Australia with 6.9 per cent of HHS residents speaking a language other than English at home.

## Strategic direction

The organisation's strategic direction is set by the Townsville Hospital and Health Board and is underpinned by the Townsville Hospital and Health Service Strategic Plan 2018-2022. The strategic plan's four pillars: high-quality, person-centred care for northern Queensland, ensure efficient and sustainable stewardship of resources, work collaboratively, embrace innovation and continuously improve, maintain an exceptional workforce and be a great place to work are the foundations of the HHS's business and objectives.

## Priorities

The Townsville Hospital and Health Service is committed to supporting the health needs of North Queenslanders through prioritised strategic actions including:

- strengthening the tertiary referral role of TUH to ensure equitable access to high-quality, specialised and sustainable health services closer to home
- establishing our organisation as leaders in health research and innovation for regional Australia
- enhancing partnership arrangements with patients, communities, staff and service-delivery organisation both locally and across the region
- working closely with Aboriginal and Torres Strait Islander staff, patients, communities and organisations to improve the cultural capability of our services
- fostering a workplace culture that values, supports and develops our workforce.

## Our Vision

To be the leader in healthcare, research and education for regional Australia

## Our Purpose

To deliver excellent care, research and education to improve the health of the people and communities of northern Queensland

## Our Values

### Integrity

Being open and transparent in dealing with our community, being honest, just, reasonable and ethical. Having the courage to act ethically in the face of opposition.

### Compassion

Taking the time to show we care for our community, each other and those in need by being non-judgemental and responsive. Showing empathy and humility in order to make a difference.

### Accountability

Being responsible for our own actions and behaviours. Use and manage resources responsibly, efficiently and effectively. Promoting excellence, innovation and continual improvement.

### Respect

Recognising individual needs, listening to others and understanding their differences. Showing tolerance, treating others as equals and acknowledging their worth.

### Engagement

Collaborating with patients and their families, healthcare providers, education institutions, research facilities and our community. Listening to and considering ideas and concerns of others.

**The 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.**

# ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH

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The Townsville Hospital and Health Service is committed to achieving health equity for Aboriginal peoples and Torres Strait Islander peoples, and to developing and advancing health and wellbeing initiatives that close the gap in health outcomes.

In 2020-2021, the HHS continued to operate and champion key consultative and participation opportunities and forums through initiatives that included the Aboriginal and Torres Strait Islander Community Advisory Council (ATSICAC) and the Aboriginal and Torres Strait Islander Health Leadership Advisory Council. The ATSICAC is a Tier Six committee which advises the Townsville Hospital and Health Board on systemic and strategic issues relating to the care of Aboriginal peoples and Torres Strait Islander peoples in the HHS. In 2020-2021, the ATSICAC was instrumental in an arts in health consultation to create a more welcoming environment for Aboriginal peoples and Torres Strait Islander peoples through the use of art and design elements at the gateway of TUH.

Discharge against medical advice for Aboriginal and Torres Strait Islander patients was two per cent, below the state-wide average of 3.9 per cent.

The inaugural Townsville Hospital and Health Service Reconciliation Action Plan (RAP), which expires in December 2021, has reported 80 per cent of its actions as either completed or near completion. The RAP outlines the HHS's commitment to achieve health equity through the design and development of services, programs, and culturally appropriate models of care for Aboriginal peoples and Torres Strait Islander peoples. Included in the RAP actions and achievements 2020-2021 were: Close the Gap Day event, establishment of a NAIDOC committee, and the design and creation of Acknowledgement to Country plaques for the entrances to all HHS facilities. Cultural audits were also completed, and Cultural Practice Training to enhance cultural competency and support holistically cultural care is now mandatory for all staff. Access to Cultural Practice Training has been supported by flexible staff rostering and the Cultural Practice Training Implementation Plan forecasts a staff completion rate of 70 per cent over five years.

TUH's emergency department has developed an initiative to improve and create awareness of cultural safety for Aboriginal peoples and Torres Strait Islander peoples. The PROV-ED project is a collaborative, multi-disciplinary approach to building better relationships and reducing barriers to Aboriginal peoples and Torres Strait Islander peoples engaging with hospital-based emergency care.

A tender process for the Aboriginal and Torres Strait Islander Workforce Strategy has commenced with the aim of having the strategy completed by December 2021. A second round of Aboriginal and Torres Strait Islander administration trainees commenced in March 2021 while a second round of Aboriginal and Torres Strait Islander dental assistant trainees started in June 2021.

Nursing Merit Awards for Aboriginal and Torres Strait Islander undergraduate students continues with 18 placements offered in 2020-2021. The Medical Service Group commenced the development of a Medical Intern Pathway Program with the aim to provide employment opportunities for Aboriginal and Torres Strait Islander interns by the end of 2021.

In 2020-2021, the Townsville Hospital and Health Service received Making Tracks funding of \$3.76 million to support a range of initiatives to close the gap in health outcomes. Additionally, specific First Nations COVID-19 funding was provided for a range of aligned projects. During 2020-2021 services dedicated to improving health outcomes for Aboriginal peoples and Torres Strait Islander peoples included: providing care closer to home, public health pandemic planning, cultural support at TUH, Alcohol Tobacco and Other Drugs Services, sexual health services, support for the ongoing delivery of primary healthcare services on Palm Island.

The transition of Palm Island primary healthcare services to the community-controlled entity, Palm Island Community Company (PICC), continued in 2020-2021. PICC will be contracted by the HHS to provide primary healthcare services, reporting against the key performance indicators on the Palm Island Health Action Plan 2018 to 2028 every six months. PICC also hosts specialist outreach services from TUH and is the gateway of community health engagement.

# OUR COMMUNITY-BASED AND HOSPITAL-BASED SERVICES

The Townsville Hospital and Health Service comprises 21 facilities across its catchment; 19 hospitals and community health campuses and two residential aged care facilities.

## Richmond Health Service

Richmond Health Service provides 24-hour accident and emergency care, inpatient and general medical services.

## Ingham Health Service

Ingham Health Service provides accident and emergency care, inpatient and general surgery services.

## Joyce Palmer Health Service

The Joyce Palmer Health Service provides emergency services and acute care to the Palm Island community.

## Townsville University Hospital

Townsville University Hospital is the only tertiary referral hospital in North Queensland and provides the latest in cardiac, obstetric, gynaecological, paediatric, neurosurgical, orthopaedic, cancer, mental health, neonatal, allied health, and intensive care services.

## Ayr Health Service

Ayr Health Service provides general medical, surgical and obstetric services to Ayr, Home Hill and the broader Burdekin Shire.

## Home Hill Health Service

Home Hill Health Service provides aged care, rehabilitation and renal dialysis services to the local community.

## Charters Towers Health Service

Charters Towers Health Service provides accident and emergency care, inpatient and outreach services.

## Hughenden Multipurpose Health Service

Hughenden Multipurpose Health Service provides 24-hour accident and emergency care, inpatient and general medical services.

The Townsville Hospital and Health Service continues to support patients and carers through car parking concessions.

The Townsville Hospital and Health Service owns and operates the public car parking infrastructure at TUH and offers concessions to eligible patients, carers, immediate family members and volunteers in the following circumstances:

- patients and carers experiencing financial hardship
- patients admitted to TUH for an extended period
- patients and carers who frequently attend TUH
- patients and carers with special needs and who require assistance
- Australia Red Cross Lifeblood donors and other volunteers.

The concessional car parking program offers daily, weekly and monthly concessional parking.

In 2020-2021, the HHS approved an average of 187 concessional car parking applications per month. Concessional car parking remains an important and enduring initiative to ensure TUH continues to provide access to high-quality care for our patients and communities. There were 2,254 concessional car parking applications approved in 2020-2021 at a cost of \$62,455.

## Consumer and Community Engagement

Healthcare services are better when we listen to the voices of the people who use our services. The Townsville Hospital and Health Service has a range of programs and initiatives to enable us to listen to, understand, and respond to the needs of our diverse communities.

The Consumer Advisory Council (CAC) and the Aboriginal and Torres Strait Islander Community Advisory Council (ATSICAC) meet on a regular basis with members of our Board and executive team to drive our consumer engagement and escalate issues of community and consumer concern. Consumer groups across various areas of the HHS provide localised consumer engagement for rural centres and key clinical zones. Consumer members across HHS committees, meetings and working groups ensure consumer input is embedded across all areas of HHS business.

The Consumer Consultation Hub was instigated as an additional consumer engagement avenue in 2020, providing an online platform on the HHS website to consult with broad aspects of the community.

Our bi-monthly Health Happenings magazine provides an avenue to inform our local community about key projects, plans and achievements happening across the HHS.

## Person-centred care

Person-centred care remains a primary focus for the HHS. All staff are trained in person-centred principles and are supported to implement quality improvement projects for a better patient experience.

In 2020, the Food for Families project implemented a system to support family members of some of our sickest and most vulnerable patients. The project utilised surplus food from the TUH kitchen and made it available for family members of our intensive and critical care units. Families arriving in emergencies often don't have the time or inclination to organise meals, and this small but significant offer of a hot meal has made things easier for them in times of high stress and anxiety.

The What Matters to Me posters are a tool being used across our residential aged care facilities, rehabilitation wards, mental health settings and inpatient areas. The posters enable consumers and families to provide information to health staff about the patient's interests, supports and preferences. These posters, once displayed, enable staff to converse with, and respond to, patients and consumers on a much more personal level. While originally designed to support consumers who may not be able to speak for themselves these delightful and decorative posters are proving to be a valuable resource for many different consumer groups.

The ability of consumers, visitors, and community members to easily find their way around TUH has been another area of focus in 2020-2021. A group of dedicated consumers, volunteers and health staff has been gathering on a regular basis to improve maps, signs, letters, and directions at TUH. This group advocated for some significant improvements which are in the process of being progressed by the organisation. Improved systems reduce consumer stress and provide accessibility to people from various language backgrounds, literacy levels and cognitive capacities, ultimately providing a better experience for people navigating a challenging health journey.

A continued focus on quality, easy-to-read patient information at the HHS has seen significant progress in the development of brochures, booklets, posters and videos that truly meet the information needs of our consumers. Our robust review system ensures information is developed in line with health literacy guidelines, improving the ability of consumers to be active, informed partners in their healthcare.

Major systemic changes to our outpatient bookings process has demonstrated significant improvements to the patient experience, increasing efficiencies, improving communication with consumers and across departments, providing greater flexibility to consumers and supporting a more streamlined process. Continued improvements will enhance services further for people accessing outpatient services.

## Research

The Townsville Hospital and Health Service has continued to realise benefits from its research strategy. New approaches to improve and deepen research activities in the HHS during 2020-2021 include the establishment of the Audit, Quality, and Innovation Review pathway to simplify and expedite approval of staff-initiated quality assurance, audit, and exemption-level projects. The HHS has also undertaken a Clinical Trials Options Paper to define the strategy, governance, and operations of clinical trials as a priority activity in coming years and preliminarily scoped activities for the HHS research strategy revision.

The HHS, as part of the Tropical Australian Academic Health Centre, continues to develop meaningful connections with James Cook University and neighbouring HHSs. These partnerships focus on research with positive and enduring patient and community impact in line with the organisational purpose to deliver research and improve the health of the people and communities of northern Queensland.

Direct support for HHS staff clinician-researchers was strong and dynamic in 2020-2021 and a significant restructure of the Study, Education and Research Trust Account (SERTA) Research Grant Program delivered 26 grants totalling more than \$1.3 million representing a 30 per cent increase in number of grants awarded. In addition to traditional research grants, new funding category opportunities included Research Capacity Grants and Clinical Research Fellowships. Research topics included the financial burden of head and neck cancer on patients and the healthcare system, the efficacy of maternal mental health interventions for Aboriginal and Torres Strait Islander parents of a child with disability, and the relationship between workplace incivility and perceptions of patient safety in Australian hospitals.

The HHS appointed a new Director of Clinical Research and Professor of Medicine in November 2020.

## Targets and challenges

In meeting the evolving health needs of the North Queensland region, the HHS will face a variety of risks to the delivery of services. These risks have the potential to impact upon all four strategic pillars and are driven primarily by:

- population growth and ageing
- increased prevalence of chronic disease
- industry-wide competition for resources, both human and capital.

Recent months have forced a significant change to operations in the Townsville Hospital and Health Service in the face of the global COVID-19 pandemic. Staff in the HHS contributed to the COVID-19 pandemic response in a range of ways including:

- standing up the Health Emergency Operations Centre to lead preparedness, response and recovery
- establishing nurse-led COVID-19 assessment clinics to support testing for the local community
- establishing a COVID-19 vaccination centre for staff and the community at TUH
- rolling out vaccinations to rural communities in the HHS including Palm Island
- undertaking social media messaging
- designing collateral for use across the HHS to promote changes to visiting hours, social distancing and mask wearing.

# GOVERNANCE

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The Townsville Hospital and Health Board (THHB) is comprised of a Chair and members appointed by the Governor of Queensland, acting by, and with the advice of, the Executive Council, and under the provisions of the *Hospital and Health Board Act 2011*. The Board, through the Chair, reports to the Minister for Health and Ambulance Services.

The Board sets the strategic direction for the HHS, delivering on key priorities for our communities.

# OUR PEOPLE

## Board membership

### TONY MOONEY AM, CHAIR

**Professional Experience (Present):** Queensland Government's Resources Community Infrastructure Fund Advisory Committee (Chair); Tropical Australian Academic Health Centre (Director), North Queensland Bulk Ports (Director). **(Past):** Townsville City Council Councillor, Deputy Mayor and Mayor; various Board roles for Willows Stadium; Ergon Energy, LG Super, Townsville Entertainment Centre Board of Management, Great Barrier Reef Marine Park Authority. **Associations/Awards/Edu:** Order of Australia (AM), AICD (Fellow), BEd-BA (Hons).

### MICHELLE MORTON, DEPUTY CHAIR

**Professional Experience (Present):** Law firm Managing Partner, Queensland Health and Hospital Board Audit and Finance Committee (Chair) **(Past):** National Injury Insurance Scheme Queensland Board (Member), Townsville Fire Women's National Basketball League (Chair), Salvation Army Advisory Board (Member) **Associations/Awards/Edu:** AICD (Fellow); Queensland Law Society (Accredited Specialist).

### DEBRA BURDEN

**Professional Experience (Present):** selectability and selectability Training CEO. **(Past):** North and West Remote Health (Deputy Chair), North Queensland Primary Health Network (Director) Tooth Booth Ltd (Director). Various Executive management positions with Queensland Country Credit Union and Health Fund, 1300SMILES and Canegrowers Burdekin. **Associations/Awards/Edu:** AICD (Fellow); Institute of Leaders and Managers (Fellow); Qld Business Review and Qld Telstra Businesswomen's Industry Awards.

### CHRIS CASTLES

**Professional Experience (Present):** Managing Director Coscer Partners Pty Ltd, Northern Australia Primary Health Ltd Board (Member). **(Past):** Royal Australian Air Force Member, various Board positions on listed and unlisted companies. **Associations/Awards/Edu:** AICD (Fellow), Certified Practising Accountant, Certified Financial Planner.

### NICOLE HAYES

**Professional Experience (Present):** Townsville Legacy CEO. **(Past):** Managing - Education and Training Hospital School, Manager - Ronald McDonald House Charities North Qld education program, Lead - Higher Education Participation Program for James Cook University, Marketing and Business Development leader - AECOM Nth Qld and NT **Associations/Awards/Edu:** AICD (Graduate); BEd, Dip Management, IAP2 Certificate of Engagement, Grad. Cert. Management.

### DANETTE HOCKING

**Professional Experience (Present):** Dept of Education, Wellbeing Manager; OT, Occupational Therapy Aus (Board member). **(Past):** Management, Safety and Wellness – Director Allied Health – NAPHL; Strategic Program consultant, Safety/risk and wellness consulting and training, Disability sector and NDIS expertise, ATSI health program expert. **Associations/Awards/Edu:** AICD (Graduate), BSc in OT; Grad Dip. Business Management; Certified Practising Risk Manager.

### PROFESSOR AJAY RANE OAM

**Professional Experience (Present):** Director of Urogynaecology – TUH, Director of Mater Pelvic Health and Research, Head of Obstetrics and Gynaecology (O&G) JCU, Fistula Committee for the International Federation of O&G (Chair). **Associations/Awards/Edu:** Order of Australia (OAM), Australian of the Year (Finalist), Mahatma Gandhi Pravasi Award for Humanitarian Work in Women's Health, Queensland Greats Award, American College of Obstetricians and Gynaecologist (Honorary Fellowship), MBBS, PhD.

### DONALD WHALEBOAT

**Professional Experience (Present):** JCU College of Medicine and Dentistry – Senior Lecturer, JCU Division of Tropical Health and Medicine - Associate Dean Indigenous Health, Northern Australia Primary Health Limited (Board member). **(Past):** Townsville Aboriginal and Torres Strait Islander Corporation for Health Services (Board member). **Associations/Awards/Edu:** AICD (Graduate); Master of Public Health.

### GEORGINA WHELAN

**Professional Experience (Present):** Icon Cancer Centre Townsville - Site Manager, Varian Medical Systems - Advisory Board Member. **(Past):** Various frontline clinical roles in medical, surgical and oncology wards in Australia and abroad. **Associations/Awards/Edu:** Bachelor of Nursing, MBA, AICD (Graduate), Oncology Nurses Association of Australia, Icon Group Founders Forum.

During the year, the Board held 11 ordinary meetings and two extraordinary meeting for Financial Sustainability oversight. The table below shows the attendance record of the number of meetings Board members were eligible to attend. The Finance, Audit and Risk, Executive, and Safety and Quality committees are prescribed committees.

For period 1 July 2020 to 30 June 2021			Board Meeting	Finance Committee	Audit and Risk Committee	Executive Committee	Stakeholder Engagement Committee	Safety and Quality Committee
Number of meetings held			13	11	5	10	5	6
Name	Position	Current Term	Attendance					
Tony Mooney AM	Chair and member (18/05/2016)	18/05/2020 to 31/03/2024	13 of 13	11 of 11	5 of 5	10 of 10*	5 of 5	5 of 6
Michelle Morton	Deputy Chair and member (29/06/2012)	10/06/2021 to 31/03/2024	13 of 13	11 of 11*	5 of 5	9 of 9	N/A	N/A
Debra Burden	Member (18/05/2016)	18/05/2020 to 31/03/2024	13 of 13	11 of 11	5 of 5*	10 of 10	N/A	N/A
Christopher Castles	Member (18/05/2016)	18/05/2019 to 31/03/2022	12 of 13	11 of 11	N/A	N/A	4 of 5	6 of 6
Nicole Hayes	Member (18/05/2019)	18/05/2020 to 31/03/2024	13 of 13	N/A	N/A	N/A	5 of 5	6 of 6
Danette Hocking	Member (18/05/2019)	18/05/2019 to 31/03/2022	12 of 13	N/A	5 of 5	N/A	5 of 5	N/A
Professor Ajay Rane OAM	Member (18/05/2017)	18/05/2020 to 31/03/2024	12 of 13	N/A	N/A	9 of 10	5 of 5	6 of 6*
Robert 'Donald' Whaleboat	Member (27/07/2012)	18/05/2019 to 31/03/2022	11 of 13	N/A	N/A	8 of 10	5 of 5*	5 of 6
Georgina Whelan	Member (18/05/2020)	18/05/2020 to 31/03/2024	13 of 13	10 of 11	4 of 5	N/A	N/A	N/A

\* indicates Board Committee chair roles

In total, \$7,852.63 in out-of-pocket expenses were paid to the Board members during the reporting period.

During 2020-2021 the Board was expertly assisted by non-Board Members: Board Audit and Risk Committee: Mr Luke Guazzo and Ms Pamela Stronach; Board Safety and Quality Committee: Dr Michael Corkeron, Dr Kunwarjit Sangla, Mr Edward Winterbottom, Mr Adriel Burley and Dr Sarah Wilkinson; and Board Finance Committee: Ms Patricia Brand; Mr Grant Murphy.

## Executive

The Executive Committee is established under section 32A of the *Hospital and Health Boards Act 2011*. In accordance with Section 32B of the Act, the committee works with the Health Service Chief Executive (HSCE) to progress strategic issues, including those identified by the Board, and to strengthen the Board's relationship with the HSCE to ensure accountability in the delivery of services by the Townsville Health and Hospital Service.

In the reporting period the committee:

- worked closely with the HSCE on the organisational response to COVID-19
- drove the strategic planning agenda for the Townsville Hospital and Health Board
- provided governance oversight of the transition of primary care services on Palm Island to community control
- endorsed the TropiQ Governance Framework
- oversaw the successful development of robotic surgery capability in partnership with Mater Private Hospital
- endorsed the Healthy Ageing in North Queensland strategy
- held joint governance responsibility for the action plan developed in response to the Australian Council of Healthcare Standards mock assessment recommendations
- monitored the fixed term temporary employment directive implementation.

## Safety and Quality

The Safety and Quality Committee is a prescribed committee under Section 31(1)(a) of the Hospital and Health Boards Regulation 2012. The committee functions in accordance with Section 32 of the Regulation. Accordingly the committee advises the Board on matters relating to, and

promotes improvements in, the safety and quality of health services, by monitoring the Townsville Hospital and Health Service's governance arrangements relating to the safety and quality of health services, monitoring the safety and quality of care provided by the Townsville Hospital and Health Service, and collaborating with other safety and quality committees.

In the reporting period the committee:

- maintained oversight of the National Safety and Quality Health Service (NSQHS) Standards
- maintained oversight of the National Aged Care Quality Standards
- provided governance oversight of the health service's Research functions
- received service group presentations detailing strengths, weaknesses and opportunities for improving safety and quality of care
- monitored the COVID-19 related risks.

## Finance

The Finance Committee is a prescribed committee under Section 31(1)(b) and 33 of the Hospital and Health Boards Regulation 2012. The committee functions in accordance with Section 33 of the Regulation. Accordingly, 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.

In the reporting period the committee:

- identified, and continues to develop, key financial sustainability initiatives for inclusion in all future budgets
- established a Financial Sustainability Working Group to provide greater governance oversight of the financial sustainability initiatives
- monitored the fiscal risks associated with the service agreement inclusive of in-year adjustments
- maintained oversight of the Capital Works Program.

## Audit and Risk

The Audit and Risk Committee is a prescribed committee under Section 31(1)(c) of the Hospital and Health Board Regulation 2012, and section 35 of the *Financial and Performance Management Standard 2019*. The committee functions in accordance with Section 34 of the Hospital and Health Boards Regulation 2012.

The committee meets bi-monthly, providing the Board advice and recommendations on matters relating to the health service's assurance frameworks, incorporating enterprise risk, internal control and legislative compliance, the internal and external audit functions, as well as the health service's external accountability responsibilities prescribed in the *Financial Accountability Act 2009*, the Financial Accountability Regulation 2009, and the *Financial and Performance Management Standard 2009*. The committee regularly engages with the Queensland Audit Office and considers all performance reporting and insights released by the Queensland Audit Office to enhance its effectiveness.

In the reporting period the committee:

- maintained its focus and oversight of organisational risk advising on key changes to the enterprise risk-management framework, and associated risk reporting to enhance the effectiveness of risk management and risk governance practices across the health service
- identified internal audit findings that could present opportunities for improved clinical and corporate governance
- provided governance oversight of the risks relating to COVID-19.

## Stakeholder Engagement

The Stakeholder Engagement 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 key engagement strategies:

- Clinician Engagement Strategy to promote consultation with health professionals working in the service
- Consumer and Community Engagement Strategy to promote consultation with health consumers and members of the community about the provision of health services by the service.

The committee also monitors the development and implementation of activities relating to the protocol with primary healthcare organisations that is required under section 42(1) of the *Hospital and Health Boards Act 2011* to promote cooperation between the service and primary healthcare organisations.

The committee remains the pathway committee for three Advisory Councils to the Board. The Councils are represented at the committee by their respective Council chairs. The Townsville Hospital Foundation board chair is an ex-officio attendee.

## Executive management

The Townsville Hospital and Health Service executive was led in 2020-2021 by HSCE 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, Chief Finance Officer Mr Matthew Rooney, and Executive Directors: Executive Directors Medical Services Dr Andrew Johnson and Dr Niall Small (acting), Executive Director Nursing and Midwifery Services Ms Judy Morton, Executive Director Clinical Governance Marina Daly, Executive Director Human Resources Mr Sam Galluccio and Ms Sharon Kelly (acting), Executive Director Aboriginal and Torres Strait Islander Health Mr Dallas Leon and Ms Lynette Anderson (acting), Executive Director Digital Health and Knowledge Management Ms Louise Hayes, Executive Director Allied Health Ms Danielle Hornsby, and Executive Director Corporate and Strategic Governance Ms Sharon Kelly.

The business of the HHS is operationalised through five clinical service groups: Health and Wellbeing, Medical, Mental Health, Rural Hospitals, and Surgical, two clinical services divisions, Allied Health Service Division and Indigenous Health Service Division, and one non-clinical directorate, Facilities, Infrastructure and Support Services. The service groups, directorates and divisions are supported by a corporate services function. The Townsville Public Health Unit (TPHU) is responsible for population health, disease prevention and health promotion.

## Facilities, Infrastructure and Support Services

Facilities, Infrastructure and Support Services (FISS) deliver and maintain the essential infrastructure, functions and services that underpin the delivery of health services at all Townsville Hospital and Health Service facilities and sites. FISS is based at TUH.

Areas of responsibility include capital works, asset and space management, redevelopment, building, engineering and maintenance services. FISS is also responsible for food services, environmental cleaning, waste and linen.

TUH campus operations department is responsible for the emergency preparedness and continuity unit, health security, travel office, switchboard and interpreter services, mailroom and staff/public car parking at TUH campus.

## Health and Wellbeing Service Group

The Health and Wellbeing Service Group is comprised of a diverse collection of health services from primary health care in community settings including prisoner health, aged care, BreastScreen and oral health through to tertiary gynaecology, maternity, newborn and children's services. The age spectrum is from pre-conception to aged care.

The Health and Wellbeing Service Group workforce is characterised by specialist workforces including maternity, maternal fetal medicine, newborn, children's, child protection, community health, aged care, oral health, prisoner health, BreastScreen, mobile women's health, urogynaecology, gynaecology, clinical forensic medical unit and sexual health. These clinical staff are supported by a team of administration and support professionals across multiple sites to ensure efficient and effective services are provided to our community.

The service group focuses on supporting care closer to home and to improve the patient experience.

## Medical Service Group

The Medical Service Group (MSG) strives for innovation in practice and service delivery and provides services across several clinical units including emergency medicine, internal medicine, neurology, gerontology, infectious diseases, endocrinology and diabetes, respiratory, gastroenterology, renal, rheumatology, rehabilitation, sub-acute care and comprehensive cancer services including medical oncology, palliative care, haematology and bone marrow transplantation and radiation oncology.

The TUH pharmacy department also sits within the MSG. MSG units see patients at TUH and provides outreach services to Mackay, Cairns and Mount Isa. Clinical services are also provided via telehealth to regional hospitals. These services include consultations as well as treatments such as chemotherapy in a shared-care model.

The MSG has continued to embrace the importance of delivering care closer to home and closing the gap for Indigenous service users.

## Mental Health Service Group

The Mental Health Service Group (MHSG) comprises six clinical program areas and one non-clinical program area with 27 teams responsible for the provision of comprehensive, specialised mental health assessment and treatment services across the age spectrum. MHSG's goal is to deliver consumer-focused, recovery-oriented services in a variety of settings.

Services include acute inpatient care, crisis intervention, homeless outreach, specialist community teams, community integration and health rehabilitation, case management, ATODS, forensic mental health, court liaison, older persons mental health, disaster recovery and culturally appropriate mental health services.

The clinical programs include adult services, child adolescent and young adult services, rehabilitation services, rural and remote services, alcohol, tobacco and other drugs services (ATODS) and Aboriginal and Torres Strait Islander Wellbeing Assessment and Engagement Services.

## Rural Hospitals Service Group

The Rural Hospitals Service Group (RHSG) provides access to public health services to the people of the Burdekin Shire, Charters Towers Regional Council, Flinders Shire, Hinchinbrook Shire and Richmond Shire.

RHSG facilities deliver a range of services including, emergency, general medicine, general surgery, obstetrics, inpatient, outpatient, primary health, community and aged care services.

The RHSG is committed to strengthening healthcare and planning for continued delivery of sustainable services to residents living in rural and remote communities. Rural hospitals are pivotal to the delivery of healthcare to people in our rural and remote communities, as well as within the public aged-care sector.

## **Surgical Service Group**

The Surgical Service Group (SSG) provides secondary care combined with a range of tertiary services across various specialities.

The SSG workforce delivers perioperative services including elective surgery, anaesthetics, and theatre care as well as medical imaging and other diagnostic care.

The SSG provides critical care for both adults and children and offers a full range of surgical specialities including cardiology and hyperbaric medicine. The paediatric intensive care unit is the only one of its kind north of the south-east corner.

## **Allied Health Service Division**

The Allied Health Services Division provides clinical services across service groups, as part of multidisciplinary teams, to patients and their families in acute, subacute, and outpatient settings.

Professional services include physiotherapy, occupational therapy, speech pathology, dietetics, social work, psychology, prosthetics and orthotics, and podiatry.

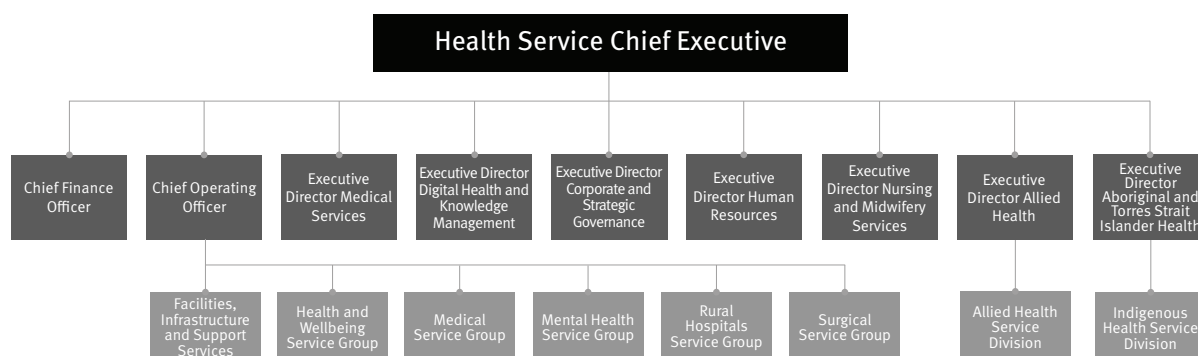
## **Indigenous Health Service Division**

The Indigenous Health Service Division supports the delivery of high-quality services to Aboriginal peoples and Torres Strait Islander peoples across the Townsville Hospital and Health Service. The division provides operational oversight for Palm Island health service delivery as well as the Indigenous hospital liaison officer (IHLO) deliverables at TUH. IHLOs continue to provide a critical support service for Indigenous consumers, working as part of a multi-disciplinary team to provide cultural support and advocacy for consumers. A range of locally based and visiting services continue to be provided at the Joyce Palmer Health Service and the Palm Island Primary Health Care Centre for the Palm Island community. The division also works with a range of other Palm Island stakeholders to support healthcare delivery.

In addition to the services provided directly to consumers, the division works collaboratively with others to provide system leadership to improve Indigenous health outcomes across the broader HHS.

# Organisational structure and workforce profile

At 30 June 2021, the HHS employed 6,693 staff, equating to 5,577 FTE.



**Table 1: More doctors, nurses and allied health practitioners\***

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Medical staff	648	693	720	729	764
Nursing staff	2,235	2,268	2,310	2,355	2,419
Allied Health staff	624	646	661	678	833

**Table 2: Greater diversity in our workforce\***

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Aboriginal and/or Torres Strait Islander staff	154	186	208	206	218

**Note:** \* Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data as at fortnight ending 27 June 2021.

## Strategic workforce planning and performance

Strategic planning related to our workforce is critical in positioning and empowering staff to achieve the Townsville Hospital and Health Service's strategic goals and objectives. The Townsville Hospital and Health Service Strategic Workforce Plan 2018-2022 identifies the longer-term strategies needed to best attract, retain, and sustainably strengthen the workforce. Strategies include developing and implementing innovative and responsive models of care through workforce redesign and evidence-based workforce planning, developing our rural and remote workforce, and investing in, and supporting, the development of our workforce with a key focus online managers and ensuring that our workforce frameworks facilitate workforce agility, flexibility, and responsiveness. A range of metrics are monitored to support workforce planning. In 2020-2021 the HHS's permanent separation rate was 6.87 per cent, and the time taken to fill a vacancy was 60 days.

Key achievements for 2020-2021 include:

- deployment for the second year of the Townsville Hospital and Health Service Employee Engagement Survey, achieving a participation rate of 49.6 per cent and generation of action plans to address feedback formed in all service groups
- continuing development of workforce dashboards to assist with performance monitoring, informed decision-making and action planning guided by the workforce strategy
- appropriate workforce deployment in response to COVID-19.

### Organisational Development

During 2020-2021, the Organisational Development Unit worked in partnership with Clinical Excellence Queensland (CEQ) to develop the 'Management Essentials Program'. This program is designed to build the capability of line managers within the HHS in relation to human resource and cost-centre management, and team leadership

responsibilities. At 30 June 2021, six cohorts of 20 line managers have undertaken the program with excellent evaluation of the learning.

### **Working Together, Better**

The 'Working Together, Better' program is undertaken by all Townsville Hospital and Health Service employees in line with the Townsville Hospital and Health Service Mandatory and Role Required Training policy upon commencement with the HHS. In 2020-2021, 13.6 per cent of new employees completed the training.

### **Learning Online (LOL)**

LOL is undertaking work to ensure the system continues to advance to meet the HHS's learning and development requirements. Work has also commenced to develop the system to meet the web content accessibility guidelines to ensure the service is accessible and inclusive of all HHS employees.

### **Attraction**

In 2020-2021, targeted national and international recruitment campaigns promoted the Townsville Hospital and Health Service as a great place to work providing research, innovation, professional and career development opportunities, coupled with work-life balance in the tropics. A particular focus were the unique work experience opportunities in Indigenous health, tropical public health, aged care, and rehabilitation in regional, rural, and remote locations.

Annual recruitment campaigns are undertaken for medical, nursing, and allied health streams. In 2020-2021, 176 graduate nurses and midwives commenced their careers in the Townsville Hospital and Health Service; many of these were graduates of James Cook University.

### **Career opportunities and promotion**

The Townsville Hospital and Health Service provides representation at career days with ambassadors on hand to promote opportunities in medical and dental, nursing and midwifery, allied health, professional, science, engineering, and business administration. Ambassadors receive significant interest about job opportunities and professional careers at the Townsville Hospital and Health Service. Job seekers are provided with tips and tools to assist them with job searching and the application process.

## **Early retirement, redundancy and retrenchment**

No redundancy packages were paid during the period.

# OUR RISK MANAGEMENT

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to the HHS during the financial year and the action taken by the HHS as a result of the direction. During the 2020-2021 period, no directions were given by the Minister to the Townsville Hospital and Health Service.

## Internal audit

Internal audit is a fundamental pillar in the governance and assurance environment of Townsville Hospital and Health Service and is a valuable tool to manage risk effectively. The HHS's internal audit function was established by the Board in accordance with the *Finance and Performance Management Standard 2019*. The key objective of the internal audit function is to evaluate and improve the effectiveness of risk management, systems of internal control and governance arrangements across the health service, by providing an independent and objective assurance and consulting service to management and the health service Board.

Townsville Hospital and Health Service's internal audit services are provided through a co-source service delivery model, led and managed by the Director of Internal Audit. The Director of 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 performance and effectiveness of the function is reviewed in consultation with the Board Audit and Risk Committee and reported on annually.

The Director of Internal Audit prepares a strategic and an annual operational plan which outline the design and scope of future work to be 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 health service. Eight reviews were performed in the 2020-2021 financial year, resulting in business improvement opportunities and internal control enhancements in the following key aspects of the health service:

- Workers Compensation Premium – Data Analysis and Reporting
- Fatigue Risk Management Systems
- Clinical Incident Management

- Information Governance and Security
- Aged Care Services
- Controlled Drugs Management
- Capital Projects and Prioritisation
- Enterprise Risk Management System.

## External scrutiny, Information systems and recordkeeping

### 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 bodies. These can include, but are not limited to, the Queensland Audit Office, Office of the Health Ombudsman, Crime and Corruption Commission, Medical Colleges, Australian Council on Healthcare Standards, Postgraduate Medical Education Council of Queensland, Australian Aged Care Quality Agency, and the Coroner.

### Australian Aged Care Quality Agency

Parklands Residential Aged Care Facility was re-accredited under the Aged Care Quality Standards in December 2019. This period of accreditation will expire in December 2022.

Eventide Residential Aged Care Facility was re-accredited under the Aged Care Quality Standards in November 2020. This period of accreditation will expire in June 2023.

### Australian Council on Healthcare Standards

Australian Council on Healthcare Standards (ACHS) accreditation for hospital and health services remains current until 26 March 2023. The services covered by accreditation include; acute, community health, dental, mental health, offender health and sub-acute services. The next accreditation assessment is scheduled for October 2021. Regular self-assessments and audits are conducted to ensure compliance to the standards including external assessments by consultants.

## Office of the Health Ombudsman

The Office of the Health Ombudsman (OHO) completed a review of TUH's maternity services and released their report to the HSCE on 31 August 2020. OHO elected to take no further action and closed the investigation. The final report identified opportunities for improvements that are being progressed.

## Parliamentary Reporting

In the 2020-2021 financial year, Parliamentary reports tabled by the Auditor-General which broadly considered the performance of Townsville Hospital and Health Service included:

- **Report to Parliament 4:** Queensland Health's new finance and supply chain management system. The report presents the facts relating to Queensland Health's implementation of SAP S/4HANA, the new finance and supply chain management system, and the subsequent actions the Department of Health has undertaken.
- **Report to Parliament 12:** Health 2020. This report summarises the results of the financial audits in the Queensland public health sector, which included timeliness and quality of financial reporting as well as financial performance and sustainability.
- **Report to Parliament 16:** Planning for Sustainable Health Services. This report provides an assessment of the effectiveness of the Department of Health and the hospital and health services in planning for sustainable health services.

The Townsville Hospital and Health Service considered the findings and recommendations contained in these reports and, where applicable/appropriate, has taken action to implement recommendations or address issues raised.

## Royal Commission into Aged Care Quality and Safety

In May 2021, the Australian Government provided their response to the Final Report of the Aged Care Royal Commission, which indicated that the Government will make significant changes in relation to aged care regulation, which will occur from July 2021 and continue until around 2025. There were 148 recommendations made by the Royal Commission, to which the Australian Government responded. Townsville Hospital and Health Service has established aged care clinical governance structures in place that are currently reviewing the recommendations.

# Public Sector Ethics

As part of the Townsville Hospital and Health Service orientation program, all staff are provided with the Code of Conduct of the Queensland Public Sector.

## Information systems and recordkeeping

During 2020-2021 Townsville Hospital and Health Service Digital Health and Knowledge Management focused on information, communication and technology (ICT) infrastructure, recordkeeping governance and implementing digital hospital information solutions. In particular:

- Progressing the information security agenda through the Queensland Government Information Security Management System, including a level 2 assurance internal audit completion
- Implementing the recommendations from an information privacy internal audit recommendations in relation to personal information holdings at Townsville Hospital and Health Service
- Adhering and attesting to the Queensland Health ICT Health Service Directives in relation to ICT systems and information at Townsville Hospital and Health Service
- Monitoring public records retention and disposals and adherence to Queensland Government requirements; with focus on clinical records
- Promoting the appropriate use and access of the electronic (digital) medical record used across the hospital to support integrated care of patients
- Monitoring and reporting of risks related to information governance and cyber security and development of treatment and action plans locally to mitigate the risks
- Implementation of new digital records initiatives related to COVID-19 testing clinics and vaccination clinics, with integration to the Australian Immunisation Register for the vaccination records, aligned to state and federal government strategic priorities.

## Information security attestation

During the mandatory annual Information Security reporting process, the Health Service Chief Executive attested to the appropriateness of the information security maturity management within the HHS to the Deputy Director-General and Chief Information Officer, eHealth Queensland, noting the level 2 assurance activities have been undertaken to inform this opinion of the HHS's information security maturity position. eHealth Queensland reports the Department of Health's information security maturity position to the Queensland Government Chief Information Officer.

# Human Rights

The *Human Rights Act 2019* took effect from 1 January 2020. As a public entity, the HHS must act and make decisions compatible with the 23 human rights which are protected under the legislation.

To ensure that human rights are respected, policies and procedures are being reviewed for their compatibility with human rights with each new policy and procedure assessed for the potential to impact on human rights. A comprehensive training package for all levels of staff has been developed and training is ongoing.

To promote human rights to consumers, the HHS developed a poster to be displayed in the main waiting and ward areas. Additional information about human rights has been added to the organisation's public-facing website, and training about human rights tailored to consumer representatives was implemented in October 2020.

The HHS has reviewed its consumer feedback processes to ensure that the process to make a complaint to the health service about a human rights concern is easy and accessible for all consumers, visitors, and staff. From 1 July 2020 to 30 June 2021, the health service received 26 human rights complaints. Investigations have been conducted or are underway, with some investigations still ongoing. Where required, practices have been adapted or improved to ensure that human rights are considered and respected.

## 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 HSCE did not authorise the disclosure of confidential information during the reporting period.

# PERFORMANCE

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During the year the HHS continued to deliver high-quality services to residents across northern Queensland while maintaining COVID-19 preparedness. The HHS continued to monitor its progress against the measures in the Townsville Hospital and Health Service Strategic Plan 2018-2022.

Hospital bed capacity and appropriate streaming of patients was a key focus area during the intense COVID-19 preparation period, affecting service standard performance. This requirement will continue into 2021-2022.

## Provide high-quality, person-centred care for northern Queensland

Accreditation under the Australian Council for Healthcare Standards is directly linked to the organisation's compliance with the National Safety and Quality Health Service Standards. Throughout 2020-2021, self-assessments to ensure compliance and any required rectification against these standards were ongoing ahead of the organisation-wide accreditation scheduled for late 2021.

Aligned to our strategic objective to ensure that our services are safe and of the highest quality to improve the health of our communities, in 2020-2021 the Townsville Hospital and Health Service:

- undertook a \$1.6 million redevelopment and expansion of the emergency department to create a separate and more aesthetically and socially appropriate waiting area for children and their families
- undertook detailed concept and infrastructure design to introduce renal dialysis to the rural communities of Charters Towers and Ingham
- trialled home sleep studies through Hospital in the Home, reducing wait times and allowing patients to sleep in their own beds while undergoing clinical sleep assessment
- created a highly specialised diagnostic clinic for genetic kidney disease at TUH
- operationalised a \$1.48 million digital subtraction angiography suite enabling patients to access diagnostic radiology interventions, including a forecast endovascular clot retrieval service for stroke patients
- introduced an outpatient hysteroscopy day service allowing for a more comfortable and streamlined discharge of patients
- created a mental health recovery journal inviting consumers to take control of their mental health journey through self-paced art therapy, mindfulness, and an integrated wellness recovery action plan
- transitioned the HHS's residential aged care facilities and the Hughenden Multipurpose Health Service and Richmond Health Service to National Disability Insurance Scheme (NDIS) provider status enabling improved quality and safety of care for NDIS recipients
- established an antenatal clinic for women in the Upper Ross region of Townsville to support young families and reduce fail-to-attend rates exacerbated by difficulties with public transport
- hosted the Children's Burns Camp for North Queensland to build emotional resilience and confidence in children with traumatic burn injury
- launched the Healthy Ageing in North Queensland Strategy, an ambitious roadmap to provide more joined-up care and access to services for older residents.

Closing the Gap in Indigenous health outcomes, a key strategy of the Townsville Hospital and Health Service, was advanced by:

- reducing wait lists for cardiac care in rural areas, including Palm Island, through a cardiac outreach service, and the provision of further outreach, in conjunction with the North West Health Service, to treat and reduce the prevalence of cardiac disease in people living in communities such as Doomadgee and Mornington Island
- establishing community-based outpatient services for Aboriginal and Torres Strait Islander patients living with chronic disease by partnering with the non-government sector
- providing training to Indigenous health workers in rural areas to ensure access to foot screening services for Aboriginal and Torres Strait Islander patients
- codesigning with Yamani Meta, a dedicated space for early and family learning within the Townsville Aboriginal and Islander Health Service, to provide a service where senior health workers partner with TUH midwives to offer culturally safe maternity care
- rolling out the Syphilis in Pregnancy clinical practice guideline and education program to support the North Queensland STI Action Plan
- approving funding for a First Nations pharmacist at TUH to assist Aboriginal and Torres Strait Islander patients with medications support and advice on discharge.

Keeping North Queenslanders closer to home is a strategic imperative of the HHS. In 2020-2021, the initiatives and programs that reduced our dependence on Brisbane-based services included:

- partnering with Mater Private Hospital Townsville to introduce robotic surgery to treat complex cases locally, delivering faster recovery times and better surgical outcomes for North Queenslanders
- being successfully awarded the Kidney Transplant Service North Queensland after a competitive selection process to determine the optimal location for the service
- completing construction and commissioning of a \$5.1 million pharmacy manufacturing unit to produce life-saving medications allowing the most unwell patients at TUH to receive their care locally
- successfully implementing a telehealth pathway for surgical pre-admission and post-surgery review in Charters Towers, Richmond and Hughenden saving rural residents significant travel for appointments in Townsville

- delivering new scopes to the Charters Towers Health Service's endoscopy unit enabling more patients requiring gastroenterology services to be treated closer to home
- securing \$1.4 million to establish a paediatric cardiology service enabling children with heart conditions to be treated locally.

Ensuring safe, quality healthcare measured by positive engagement via social media was a key measure of the strategic pillar. The HHS's Facebook page had an organic reach of more than 2.33 million people. Audiences watched more than 11,208 hours of original video content.

Consumers from culturally and linguistically diverse backgrounds were supported by the development of a draft Culturally and Linguistically Diverse Action Plan 2021-2022 which outlines the development and implementation of strategies and tactics to support sharing information and delivering care to people from migrant and refugee populations and those for whom English is not their first language.

The Townsville Hospital and Health Service has a robust interpreter program; in 2020-2021, this model provided interpreters for 3,560 consumers and patients either in person or via video or teleconference.

## **Ensure efficient and sustainable stewardship of resources**

The Townsville Hospital and Health Service committed an Annual Asset Management and Maintenance Plan budget of \$23.1 million in 2020-2021 towards sustaining and refurbishing buildings and infrastructure. Significant completed works included refurbishments and facility upgrades to TUH, Joyce Palmer Health Service, and Ingham Health Service, and a major electrical infrastructure upgrade at the Hughenden Multipurpose Health Service to provide resilient and reliable critical infrastructure supporting healthcare delivery.

The HHS also entered into a \$45 million whole-of-government retail electricity supply agreement to ensure long-term, cost-effective, sustainable provision of electricity supply to HHS facilities. In the first year of the agreement, the HHS saved more than \$650,00 in electricity costs.

The health service also established a \$150,000, 100-kilowatt solar farm at the Hughenden Multipurpose Health Service in 2020-2021. The system will generate 150,000kw of renewable energy and reduce carbon emissions by 120 tonnes per year. The project, which is expected to self-amortize in six years, is a key component

of the Townsville Hospital and Health Service's Energy Management Strategy 2020-2030.

In 2020-2021, more than \$15 million (20 per cent) in contracts were awarded to local (within 125km) Townsville businesses.

In 2020-2021, the HHS focussed strongly on supporting local contractors to deliver services. A local benefits test ensured that local suppliers and manufacturers had fair and equal opportunity to successfully compete for HHS tenders.

## **Work collaboratively, embrace innovation and continuously improve**

Continuous improvement, collaboration and innovation in the development and delivery of exemplary clinical and non-clinical care and strong support for individuals, families and communities was a key priority for the HHS. In 2020-2021, the HHS:

- developed a referral pathway for general practitioners to make the healthcare journey easier for lung cancer patients
- collaborated with the Queensland Rheumatic Heart Surveillance Program and local correctional and detention facilities to host an art exhibition illustrating the lived experience of acute rheumatic fever
- harnessed the gaming adventures of Minecraft to assist in the treatment of children with complex social and behavioural issues engaged with Evolve Therapeutic Services
- collaborated with Children's Health Queensland's Queensland Centre for Perinatal and Infant Mental Health to roll out 'Relaxing with Birdie', a program teaching kindergarten-aged children how to de-stress by connecting body, breath, and emotions
- commenced a retrospective review of divers treated at TUH as part of a project to revise the state-wide protocol governing dive injury treatment and response
- created a community advisory network in the Burdekin to ensure local healthcare reflected community needs and aspirations
- collaborated with the Queensland Department of Education to establish a school-based health worker traineeship (identified) to reduce gaps in healthcare service delivery
- obtained a \$20,000 community road safety grant to partner with a local driver training centre, delivering a course for local teenagers and raising awareness of the medical and human consequences of reckless and unsafe driving
- partnered with the Commonwealth Department of Health to establish the 'Hapee' Hearing Health Program for children aged zero to five years

- developed a birth kit under the Imminent Birth Equipment Standardisation Project to support clinicians working in non-birthing hospitals to safely deliver birth and post-natal care to local women.

## **Maintain an exceptional workforce and be a great place to work**

The HHS's commitment to fostering a values-based culture and aligned to feedback from the Employee Engagement Survey, the organisation commenced a program to clearly define demonstration of organisational values at all levels. This process will enable capacity building for staff at all layers of the HHS.

In 2020-2021, the HHS hosted its annual Staff Excellence Awards which recognise those staff that live the Vision, Purpose, and Values of the organisation. The awards are peer nominated and this year attracted 166 nominations from across the health service catchment.

Growing the Aboriginal and Torres Strait Islander workforce is a clearly articulated measure in both the Townsville Hospital and Health Service Strategic Plan 2018-2022 and the Reconciliation Action Plan. In 2020-2021, the HHS's Indigenous Academic Merit Scholarship financially supported nursing students and connected them with nurse mentors from the health service. The strategy aims to increase Aboriginal and Torres Strait Islander nurses and midwives in our future workforce.

The organisation also secured \$30,000 in funding to help make it easier for Aboriginal and Torres Strait Islander allied health professionals to enter the HHS workforce. The initiative includes development of cultural, professional, and clinical practice support to build a solid pathway for graduates.

The HHS also developed a framework of core clinical areas to support rural allied health clinicians who experience significant variety in their role. This framework supports rural allied health clinicians to maintain and develop safe, quality practice against a background of clinical diversity.

# SERVICE STANDARDS

Table 3: Service Standards – Performance 2020-2021

	2020-2021 Target	2020-2021 Actual
<b>Effectiveness measures</b>		
Percentage of emergency department patients seen within recommended timeframes <sup>1</sup> :		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	81%
Category 3 (within 30 minutes)	75%	82%
Category 4 (within 60 minutes)	70%	87%
Category 5 (within 120 minutes)	70%	99%
Percentage of emergency department attendances who depart within four hours of their arrival in the department <sup>1</sup>	>80%	76%
Percentage of elective surgery patients treated within clinically recommended times: <sup>2</sup>		
Category 1 (30 days)	>98%	82%
Category 2 (90 days) <sup>3</sup>	..	58%
Category 3 (365 days) <sup>3</sup>	..	64%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days <sup>4</sup>	<2	0.9
Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit <sup>5</sup>	>65%	76.8%
Proportion of readmissions to acute psychiatric care within 28 days of discharge <sup>6</sup>	<12%	16.8%
Percentage of specialist outpatients waiting within clinically recommended times: <sup>7</sup>		
Category 1 (30 days)	98%	96%
Category 2 (90 days) <sup>8</sup>	..	81%
Category 3 (365 days) <sup>8</sup>	..	97%
Percentage of specialist outpatients seen within clinically recommended times: <sup>9</sup>		
Category 1 (30 days)	98%	96%
Category 2 (90 days) <sup>8</sup>	..	84%
Category 3 (365 days) <sup>8</sup>	..	90%
Median wait time for treatment in emergency departments (minutes) <sup>1</sup>	..	10
Median wait time for elective surgery treatment (days) <sup>2</sup>	..	66
<b>Efficiency Measure</b>		
Average cost per weighted activity unit for Activity Based Funding facilities <sup>10</sup>	\$ 4,894	\$5,244
<b>Other Measures</b>		
Number of elective surgery patients treated within clinically recommended times: <sup>2</sup>		
Category 1 (30 days)	3,633	3,005
Category 2 (90 days) <sup>3</sup>	..	2,220
Category 3 (365 days) <sup>3</sup>	..	1,274
Number of Telehealth outpatient occasions of service events <sup>11</sup>	10,758	10,262
Total weighted activity units (WAU's) <sup>12</sup>		
Acute Inpatient	100,289	95,440
Outpatients	20,970	26,740
Sub-acute	12,993	11,261
Emergency Department	16,184	16,785
Mental Health	10,280	12,741
Prevention and Primary Care	2,441	2,570
Ambulatory mental health service contact duration (hours) <sup>5</sup>	>68,647	57,888
Staffing <sup>13</sup>	5,602	5,577

1	During the rapid response to the COVID-19 pandemic, facilities utilised existing systems to manage presentations at fever clinics. In some cases, the management of these clinics was closely related to the management of the emergency department meaning that some fever clinic activity was managed via the emergency department systems. As a result, the 2020-2021 Actual includes some fever clinic activity.
2	In preparation for COVID-19 and consistent with the National Cabinet decision, Queensland Health temporarily suspended non-urgent elective surgery in 2019-2020. This has impacted the treat in time performance and has continued to impact performance during 2020-2021 as the system worked to reduce the volume of patients waiting longer than clinically recommended.
3	Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery, and the continual impacts to services as a result of responding to COVID-19, treated in time performance targets for category 2 and 3 patients are not applicable for 2020-2021.
4	Staphylococcus aureus (including MRSA) bloodstream (SAB) infections Actual rate is based on data reported between 1 January 2020 and 31 December 2020.
5	Mental Health measures reported as at 22 August 2021.
6	Mental Health readmissions 2020-2021 Actual is for the period 1 July 2020 to 31 May 2021.
7	Waiting within clinically recommended time is a point in time performance report and was impacted by preparing for COVID-19 in 2019-2020.
8	Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, and the continual service impacts as a result of responding to COVID-19, seen in time performance targets for category 2 and 3 patients are not applicable for 2020-2021.
9	As a result of preparing for COVID-19, the seen in time performance was impacted in 2019-2020. This impact has continued throughout 2020-2021 as the system has worked to address provision of care to those patients waiting longer than clinically recommended.
10	The 2020-2021 Target varies from the published 2020-2021 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q23. The variation in difference of Cost per WAU to target is a result of the additional costs of the COVID-19 pandemic. Data reported as at 23 August 2021.
11	Telehealth data reported as at 23 August 2021.
12	The 2020-2021 Target varies from the published 2020-2021 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q23. As HHSs have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to target can occur. Data reported as at 23 August 2021.
13	Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments.

# FINANCIAL SUMMARY

As the HHS spends public funds and provides a diverse and extensive service profile across a wide geographical area, costs and revenues must be carefully managed. The Townsville HHS has a robust accounting and reporting system to ensure satisfactory financial outcomes and continuing sustainability.

The Townsville Hospital and Health Service achieved a financial surplus of \$4.5 million for the year ending 30 June 2021. This is the ninth financial year as a statutory body that an operating surplus has been achieved, while still delivering on agreed major services and meeting key safety and quality performance indicators.

## Where the money comes from

The Townsville Hospital and Health Service total income from continuing operations for 2020-2021 was \$1.135 billion. Of this, the Queensland Government's contribution was \$663.5 million and the Commonwealth contribution was \$345.5 million. Specific-purpose grants worth \$25.4 million were received and own source and other revenue was \$100.6 million.

## REVENUE AND EXPENSES - FINANCIAL YEAR ENDING 30 JUNE 2021

	\$(000)s
<b>Revenue</b>	<b>1,135,454</b>
<b>Expenses</b>	
Labour and employment	(782,042)
Supplies and Services	(269,229)
Other	(13,755)
Depreciation and amortisation	(65,953)
<b>Total</b>	<b>(1,130,979)</b>
<b>Net surplus from operations</b>	<b>4,475</b>

## Where the money goes

Townsville Hospital and Health Service operates a complex group of services. The table above shows the proportion of budget spent on services within the HHS.

Total expenses for 2020-2021 were \$1.131 billion, averaging \$3.1 million per day spent on servicing the diverse regions of Townsville, Ingham, Ayr, Home Hill, Charters Towers, Richmond, Hughenden and Palm Island. The largest percentage of spend was against labour costs including clinicians and support staff (69.1 per cent). Non-labour expenses such as clinical supplies, drugs, prosthetics, pathology, catering, repairs and maintenance, communications, computers and energy accounted for 25.1 per cent of expenditure; 5.8 per cent of expenditure was related to depreciation and amortisation of the fixed-asset base.

## Financial outlook

The THHB and management of the Townsville Hospital and Health Service remain vigilant in ensuring optimal services are achieved, with a modest contingency reserve to meet the ongoing needs of its communities into the future. The coming financial year, with the continuation of COVID-19, will see the Townsville Hospital and Health Service move to a period where improved efficiency and productivity will be required to meet the planned growth targets and work within the allocated budget. The HHS will continue to reinvest in its existing facilities, while integrating information technology and pursuing projects that will support the delivery of health services and contribute to improved health outcomes for the community.

The HHS will continue to focus on the financial sustainability of services given the expected increase in demand over the next five to 10 years, and associated pressures resulting from future financial allocations anticipated from both Commonwealth and Queensland Governments.

The Queensland Government has increased funding in 2021-2022 to \$1,129.2 billion. This growth is inclusive of both efficiency and productivity dividends and will require management's continued focus to ensure that the increased activity is achieved with the allocated budget.

## Anticipated maintenance

Anticipated maintenance is a common building maintenance strategy utilised by public and private sector industries. All Queensland Health entities comply with the Queensland Government Maintenance Management Framework which requires the reporting of anticipated maintenance.

Anticipated maintenance is defined as maintenance that is necessary to prevent the deterioration of an asset or its function, but which has not been carried out. Some anticipated maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe.

As of 30 June 2021, Townsville Hospital and Health Service had reported total anticipated maintenance of \$56 million. The Townsville Hospital and Health Service has commenced planning of significant sustaining capital maintenance and renewal programs for its major facilities to ensure reliable and sustainable health infrastructure that underpins health service delivery capability.

The Townsville Hospital and Health Service has the following strategies in place to mitigate any risks associated with these anticipated items:

- prioritised State Health Infrastructure Planning for replacement of facilities that have exceeded service life
- priority capital program funding submissions for applicable sustaining capital projects
- coordinated HHS and Queensland Health-funded capital redevelopment projects to include applicable anticipated remediation works where possible
- prioritised HHS funded anticipated maintenance program as detailed in the Annual Asset Management and Maintenance Plan
- funding of all identified anticipated maintenance with assessed very high risk and emergent condition-based maintenance activity that cannot be deferred
- regular preventative maintenance inspections and minor repairs where necessary
- management of critical spare stock holdings where appropriate.

## Capital works

The Townsville Hospital and Health Service, with the support of the Queensland Government, has continued to deliver a substantial capital works program to address the current and future health service needs for our communities.

Capital works projects **delivered** in 2020-2021 included:

- \$6.78 million TUH Pharmacy Manufacturing Clean Rooms and Cytotoxic Laboratory
- \$6.34 million TUH Medical Imaging Department MRI2 / DSA1 Suites
- \$1.6 million TUH Emergency Department Paediatric Unit refurbishment.

Capital works projects **under construction** in 2020-2021 included:

- \$10.10 million TUH Adult Acute Mental Health In-Patient Unit – High Dependency Unit redevelopment.

Capital works projects **under design** in 2020-2021 included:

- \$12.98 million TUH South Block Level 1 – Ward Fit-out
- \$2.12 million Charters Towers Hospital Renal Unit
- \$1.89 million Ingham Hospital Renal Unit.

# FINANCIAL STATEMENTS

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For the year ending 30 June 2021

# Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Income</b>			
User charges	B1-1	95,315	84,872
Funding for public health services	B1-2	1,009,100	966,901
Grants and other contributions	B1-3	25,747	26,032
Other revenue	B1-4	5,292	6,193
<b>Total Income</b>		<b>1,135,454</b>	<b>1,083,998</b>
<b>Expenses</b>			
Employee expenses	B2-1	(142,197)	(731,971)
Health Service employee expenses	B2-1	(639,845)	(25,437)
Supplies and services	B2-2	(269,229)	(245,522)
Grants and subsidies		(329)	(2,731)
Interest on lease liabilities		(66)	(62)
Depreciation and amortisation	B2-3	(65,953)	(62,464)
Impairment losses on financial assets		(1,446)	(1,347)
Other expenses	B2-4	(11,914)	(12,432)
<b>Total Expenses</b>		<b>(1,130,979)</b>	<b>(1,081,966)</b>
<b>Operating result for the year</b>		<b>4,475</b>	<b>2,032</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to operating result</i>			
Increase in asset revaluation surplus		923	68,418
<b>Other comprehensive income for the year</b>		<b>923</b>	<b>68,418</b>
<b>Total comprehensive income for the year</b>		<b>5,398</b>	<b>70,450</b>

# Statement of financial position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	B3	62,085	58,098
Trade and other receivables	B4	10,763	8,489
Inventories	B5	9,715	9,674
Other assets	B6	15,012	8,924
<b>Total current assets</b>		<b>97,575</b>	85,185
<b>Non-current assets</b>			
Property, plant and equipment	B7-1	811,944	842,888
Right-of-use assets	B11-1	4,451	3,394
Intangibles	B7-4	1,342	4,931
<b>Total non-current assets</b>		<b>817,737</b>	851,213
<b>Total assets</b>		<b>915,312</b>	936,398
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	B8	62,148	55,708
Lease liabilities	B11	683	552
Accrued employee benefits		2,577	5,622
Other liabilities	B9	6,782	619
<b>Total current liabilities</b>		<b>72,190</b>	62,501
<b>Non-current liabilities</b>			
Trade and other payables	B8	2,213	-
Lease liabilities	B11	3,794	2,833
<b>Total non-current liabilities</b>		<b>6,007</b>	2,833
<b>Total liabilities</b>		<b>78,197</b>	65,334
<b>Net assets</b>		<b>837,115</b>	871,064
<b>EQUITY</b>			
Contributed equity	B10-1	537,104	576,449
Asset revaluation surplus	B10-2	218,632	217,709
Accumulated surpluses		81,379	76,906
<b>Total equity</b>		<b>837,115</b>	871,064

The accompanying notes form part of these financial statements.

# Statement of changes in equity

For the year ended 30 June 2021

	Contributed Equity \$'000	Asset revaluation surplus \$'000	Accumulated surpluses \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	617,243	149,291	74,874	841,408
Operating result for the year	-	-	2,032	2,032
Other comprehensive income for the year	-	68,418	-	68,418
<b>Total comprehensive income for the year</b>	617,243	217,709	76,906	70,450

Transactions with members in their capacity as members:

Non-appropriated equity asset transfers	-	-	-	-
Non-appropriated equity injections	21,671	-	-	21,671
Non-appropriated equity withdrawals	(62,465)	-	-	(62,465)
<b>Balance at 30 June 2019</b>	576,449	217,709	76,906	871,064

	Contributed Equity \$'000	Asset revaluation surplus \$'000	Accumulated surpluses \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>	576,449	217,709	76,906	871,064
Operating result for the year	-	-	4,475	4,475
Other comprehensive income for the year	-	923	-	923
<b>Total comprehensive income for the year</b>	-	923	4,475	5,398

Transactions with members in their capacity as members:

Non-appropriated equity asset transfers	(12)	-	(2)	(14)
Non-appropriated equity injections	26,620	-	-	26,620
Non-appropriated equity withdrawals	(65,953)	-	-	(65,953)
<b>Balance at 30 June 2021</b>	537,104	218,632	81,379	837,115

The accompanying notes form part of these financial statements.

# Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>	CF-1		
User charges		84,574	85,258
Funding for public health services		946,661	904,640
Grants and other contributions		25,515	25,835
Interest received		166	391
Other revenue		10,690	4,815
Employee expenses		(139,757)	(755,439)
Health Service Employee expenses		(632,483)	-
Supplies and services		(278,018)	(241,993)
Grants and subsidies		-	(2,560)
Interest payments on lease liabilities		(66)	(62)
Other expenses		(12,003)	(12,408)
<b>Net cash from/(used by) operating activities</b>		<b>5,279</b>	<b>8,477</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant, equipment and intangibles		(27,245)	(26,954)
<b>Net cash from/(used by) investing activities</b>		<b>(27,245)</b>	<b>(26,954)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity injections		26,620	21,671
Lease payments		(667)	(583)
<b>Net cash from/(used by) financing activities</b>		<b>25,953</b>	<b>21,088</b>
<b>Net increase/(decrease) in cash held</b>		<b>3,987</b>	<b>2,611</b>
Cash and cash equivalents at the beginning of the financial year		58,098	55,487
<b>Cash and cash equivalents at the end of the financial year</b>	B3	<b>62,085</b>	<b>58,098</b>

# Statement of cash flows

For the year ended 30 June 2021

## CF1 NOTES TO THE STATEMENT OF CASH FLOWS

### CF-1 Reconciliation of surplus to net cash from operating activities

	2021 \$'000	2020 \$'000
<b>Operating surplus/(deficit) for the year</b>	<b>4,475</b>	2,032
Adjustments for:		
Depreciation and amortisation	<b>65,953</b>	62,464
Impairment losses on receivables	<b>1,447</b>	1,347
Revenue - contribution to DOH capital works in progress program	<b>(65,953)</b>	(62,464)
Assets donated revenue – non-cash	<b>(232)</b>	(197)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	<b>(6,052)</b>	6,973
(Increase)/decrease in inventories	<b>(41)</b>	(511)
(Increase)/decrease in contract assets	<b>(2,715)</b>	(1,938)
(Increase)/decrease in other assets	<b>(1,097)</b>	(4,419)
(Increase)/decrease in prepayments	<b>(2,276)</b>	(796)
Increase/(decrease) in trade and other payables	<b>8,652</b>	30,444
Increase/(decrease) in contract liabilities and unearned revenue	<b>6,163</b>	(990)
Increase/(decrease) in employee benefits	<b>(3,045)</b>	(23,468)
<b>Net cash from operating activities</b>	<b>5,279</b>	8,477

## CF-2 Changes in liabilities arising from financing activities

2021	----- Non-cash changes -----				----- Cash flows -----		
	Opening balance \$'000	Transfers to/(from) other Queensland Government entities \$'000	New leases acquired \$'000	Other \$'000	Cash received \$'000	Cash payments \$'000	Closing balance \$'000
Lease liabilities	3,385	-	1,759	-	-	(667)	4,477
<b>Total</b>	<b>3,385</b>	<b>-</b>	<b>1,759</b>	<b>-</b>	<b>-</b>	<b>(667)</b>	<b>4,477</b>

2020	----- Non-cash changes -----				----- Cash flows -----		
	Additions recognised on transition to AASB 16 \$'000	Transfers to/(from) other Queensland Government entities \$'000	New leases acquired \$'000	Other \$'000	Cash received \$'000	Cash payments \$'000	Closing balance \$'000
Lease liabilities	3,889	-	104	(25)	-	(583)	3,385
<b>Total</b>	<b>3,889</b>	<b>-</b>	<b>104</b>	<b>(25)</b>	<b>-</b>	<b>(583)</b>	<b>3,385</b>

# Basis of financial statement preparation

## General information

The Townsville Hospital and Health Service as 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 agency 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 2019* 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 2020.

The Townsville Hospital and Health Service 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 report is presented in Australian dollars, which are Townsville Hospital and Health Service's 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 Hospital and Health Service does not have an unconditional right 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. The Townsville Hospital and Health Service is a not-for-profit entity and the financial statements comply with the requirements of Australian Accounting Standards and Interpretations.

## Further information

For information in relation to the Townsville Hospital and Health Service's financial statements:

- Email [tsv-public-affairs@health.qld.gov.au](mailto:tsv-public-affairs@health.qld.gov.au) or
- Visit the Townsville Hospital and Health Service website at: [www.townsville.health.qld.gov.au](http://www.townsville.health.qld.gov.au)

## SECTION A

# How we operate – Townsville Hospital and Health Service objectives and activities

### A1 OBJECTIVES OF THE TOWNSVILLE HOSPITAL AND HEALTH SERVICE

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

The Townsville Hospital and Health Service is responsible for providing primary health, community health and hospital services in the area assigned under the Hospital and Health Boards Regulation 2012. The Townsville Hospital and Health Service 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 Hospital and Health Service 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 predominately 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 Hospital and Health Service Annual Report 2020-2021 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 Hospital and Health Service is one of 11 members, with each member holding one vote in the company.

The principal place of business of the NQPHN is 42 Spence 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 over NQPHN (as defined by AASB 10 *Consolidated Financial Statements*). While Townsville Hospital and Health Service currently has

9.09 per cent of the voting power of the NQPHN and the fact that every other member also has 9.09 per cent voting power, it limits the extent of any influence that the Townsville Hospital and Health Service 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 Hospital and Health Service and is not considered a joint operation or an associate of the Townsville Hospital and Health Service, 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 (TAAHCL) registered as a public company limited by guarantee on 3 June 2019. The Townsville Hospital and Health Service is one of seven 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 and James Cook University. Each founding member holds two voting rights in the company and is entitled to appoint two directors.

The principal place of business of TAAHCL 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 (14.3%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures). Each members' liability to TAAHCL is limited to \$10. TAAHCL'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 TAAHCL.

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

## SECTION B

### 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

	2021 \$'000	2020 \$'000
<b>Revenue from contracts with customers</b>		
Service income and recoveries	7,804	5,926
Pharmaceutical Benefits Scheme	33,122	29,044
Public patient income	14,591	13,598
Private hospital bed income	12,386	10,322
Other hospital services	18,469	17,533
<b>Other user charges and fees</b>		
Other hospital services	8,943	8,449
<b>Total</b>	<b>95,315</b>	<b>84,872</b>

##### Note B1-2: Funding for public health services

	2021 \$'000	2020 \$'000
<b>Revenue from contracts with customers</b>		
<b>Department of Health</b>		
Activity based funding	394,719	389,701
<b>Australian Government</b>		
Activity based funding	289,954	284,393
<b>Other funding for public health services</b>		
<b>Department of Health</b>		
Block funding	94,534	93,566
Tertiary training	22,643	22,550
System funding	85,705	67,207
Depreciation funding	65,952	62,464
<b>Australian Government</b>		
Block funding	50,172	41,677
Tertiary training	5,421	5,343
<b>Total</b>	<b>1,009,100</b>	<b>966,901</b>

#### 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), reimbursements of pharmaceutical benefits and the sale of goods and services.

Other user charges and fees represents services received by the Townsville Hospital and Health Service below fair value, from the Department of Health \$8.94million (2020: \$8.45million). The Townsville Hospital and Health Service has brought the income and corresponding expense into account at 30 June 2021 and is included in other hospital services and classified under AASB 1058 *Income for Not-for-Profit Entities*.

#### 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 on forwarding 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 Hospital and Health Service. 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 Hospital and Health Service 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 Hospital and Health Service's delivery of health services.

Ordinarily, activity-based funding (ABF) is recognised as public health services are delivered. However, due to the impacts of COVID-19 activity-based funding, was guaranteed by the Commonwealth government for 2019-2020 and 2020-2021 financial years under the National Health Reform Agreement. As such, the Department of Health will not make any adjustments for under delivery against activity-based funding targets, except for items specifically referenced in Table 1 Specific Funding Commitments of the Service Agreement. No additional funding is provided for over delivery against target.

ABF funding is recognised where the specific conditions 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 Hospital and Health Service 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 on a fortnightly basis upon receipt of funds and accords with the requirements of AASB 1058.

The service agreement between the Department of Health and the Townsville Hospital and Health Service specifies that the Department of Health funds the Townsville Hospital and Health Service'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 will be recognised under AASB 1058.

\$18.46million (2020: \$3.32million) in COVID-19 Public Health programs were recognised as revenue transactions during the 2020-2021 financial year in response to the COVID-19 pandemic. Refer to note F6.

**Note B1-3: Grants and other contributions**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers</b>		
Australian Government - Specific purpose recurrent grants	<b>22,808</b>	22,174
Australian Government - Specific-purpose capital grants	<b>16</b>	652
Other grants	<b>2,548</b>	2,361
<b>Other grants and contributions</b>		
Donations other	<b>143</b>	648
Donations non-current physical assets	<b>232</b>	197
<b>Total</b>	<b>25,747</b>	26,032

Grants, contributions and donations revenue arise from non-exchange transactions where the Townsville Hospital and Health Service 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 Hospital and Health Service 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 Hospital and Health Service. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the Townsville Hospital and Health Service satisfies its obligations under the grant through construction of the asset.

Grants included from Revenue from contracts with customers consist of Commonwealth funding agreements that are in place according to the terms of the contract. 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 Hospital and Health Service 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 Hospital and Health Service will retain donated funds for general use. The Townsville Hospital and Health Service does not provide an equivalent value or service in return for the donation. These funds are recognised under AASB 1058 and recognised upon receipt.

**Note B1-4: Other revenue**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	<b>166</b>	391
Rental income	<b>519</b>	513
Sale proceeds of non-capitalised assets	<b>2</b>	1
Fees, charges and recoveries	<b>4,487</b>	5,253
Gain on sale of property plant and equipment	<b>118</b>	35
<b>Total other revenue</b>	<b>5,292</b>	6,193

**Other revenue**

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

	2021 \$'000	2020 \$'000
<b>Employee Benefits</b>		
Wages and salaries	69,138	540,084
Annual leave levy	5,962	67,970
Long service leave levy	4,770	14,040
Employer super contribution	8,795	60,820
Termination expenses	7	575
<b>Employee-related expenses</b>		
Workcover expenses	5,399	7,579
Other employee related expenses	48,126	40,903
<b>Total employee expenses</b>	<b>142,197</b>	<b>731,971</b>
<b>Health Service Employee expenses</b>	<b>639,845</b>	<b>25,437</b>

#### Employee Benefits

Board members, Executives and Senior Medical Officers are directly engaged by Townsville Hospital and Health Service. The number of full-time equivalent staff employed in this capacity was 280 (2020: 280) reported as at pay run 27 June 2021.

##### (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 Hospital and Health Service 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) COVID-19 Leave

An additional two days of leave was granted to all non-executive employees of the Department of Health and HHS's in November 2020, based on set eligibility criteria, as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave must be taken within two years or eligibility is lost. The value of the leave for Townsville Hospital and Health Service eligible employees is recorded as a prepayment.

##### (iii) Annual and Long Service Leave

The Townsville Hospital and Health Service 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 Hospital and Health Service 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.

No provision for annual leave or long service leave is recognised in the financial statements of the Townsville Hospital and Health Service, 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*.

##### (iv) Superannuation

Employer superannuation contributions are regarded as employee benefits.

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable and the Townsville Hospital and Health Service's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole-of-Government and General Government Sector Financial Reporting*.

##### (v) Other employee related expenses

Other employee related expenses include recreation leave, long service leave, sick leave, other leave, professional development, salary recoveries and payments made to staff. Prior year other employee related expenses have been restated by reclassifying (\$25.44m) from Wages and salaries expense.

## **Employee related expenses**

The Townsville Hospital and Health Service 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 Hospital and Health Service through service arrangements with the Department of Health has engaged 5,298 (2020: 5,470) full-time equivalent persons at 30 June 2021, reported as at pay run 27 June 2021.

In accordance with the *Hospital and Health Boards Act* 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 Hospital and Health Service and acknowledges and accepts its obligations as the employer of these employees. Townsville Hospital and Health Service 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.

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

This arrangement became effective from 15 June 2020 for Townsville Hospital and Health Service.

**Note B2-2: Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Consultants and contractors	<b>18,050</b>	19,188
Electricity and other energy	<b>7,627</b>	8,596
Patient travel	<b>12,467</b>	13,601
Other travel	<b>2,410</b>	2,630
Building services	<b>3,055</b>	2,932
Computer services	<b>7,322</b>	7,569
Motor vehicles	<b>430</b>	414
Communications	<b>14,332</b>	12,845
Repairs and maintenance	<b>15,670</b>	14,887
Expenses relating to capital works	<b>2,958</b>	2,959
Rental expenses	<b>320</b>	450
Lease expenses	<b>3,298</b>	3,228
Drugs	<b>49,901</b>	44,456
Clinical supplies and services	<b>88,541</b>	79,112
Catering and domestic supplies	<b>15,550</b>	12,802
Other supplies and services	<b>27,298</b>	19,853
<b>Total supplies and services</b>	<b>269,229</b>	245,522

**Note B2-3 Depreciation and Amortisation**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Buildings and Land Improvements	<b>47,660</b>	44,826
Plant and equipment	<b>14,002</b>	13,452
ROU Depreciation		
Buildings	<b>702</b>	599
Amortisation		
Software purchased	<b>268</b>	365
Software developed	<b>3,321</b>	3,222
<b>Total Depreciation and Amortisation</b>	<b>65,953</b>	62,464

**Supplies and Services**

For a transaction to be recognised as supplies and services, the value of goods or services received by the Townsville Hospital and Health Service must be of approximately equal value to the value of the consideration exchanged for these goods and services.

The Townsville Hospital and Health Service receives also 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 Hospital and Health Service below fair value is \$8.943million (2020: \$8.45million), as determined by the Department of Health. The Townsville Hospital and Health Service has brought the income and corresponding expense to account at 30 June 2021 and is included in other supplies and services.

A reclassification of prior year consultants and contractors' expenses was made to Health service employee expenses (B2-1) due to the change in employee arrangements on 15 June 2020.

**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 plant and equipment (Note B7), right-of-use assets (Note B11-1) and amortisation of intangibles (Note B7-4).

<b>Note B2-4: Other expenses</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees*	511	744
Bank fees	56	60
Insurance**	9,648	9,088
Inventory written off	47	146
Losses from the disposal of non-current assets	147	83
Special payments - ex gratia payments	143	227
Other legal costs	508	1,020
Journals and subscriptions	260	317
Advertising	321	385
Interpreter fees	215	190
Fees, fines and other charges	64	173
Other	(6)	(1)
<b>Total other expenses</b>	<b>11,914</b>	<b>12,432</b>

\* During the 2021 financial year \$239,750 fees were quoted for supply of services provided by Queensland Audit Office, the auditor of the agency (2020: \$239,750). The Townsville Hospital and Health Service paid \$382,586 to other service providers for internal audit services (2020: \$388,000). Some of these services will not be finalised in the 2020 -2021 financial year and as such are not included in the above Audit fees.

\*\* Includes Queensland Government Insurance Fund (QGIF)

## Special Payments

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

Special payments during 2020-2021 include payments over \$5,000 for compensation for damages including loss or damage to a patient's personal effects.

## 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 2020-2021 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.

The Department of Health pays premiums to WorkCover Queensland on behalf of all hospital and health services in respect of its obligations for employee compensation. These costs are reimbursed to the department.

# Notes about our financial position

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

## B3 CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash at bank and on hand	48,559	45,014
Restricted cash*	13,526	13,084
<b>Total cash and cash equivalents</b>	<b>62,085</b>	<b>58,098</b>

\*Refer to Note E2

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

General Trust Funds are managed on an accrual basis and form part of the annual general-purpose financial statements. This money is controlled by the Townsville Hospital and Health Service 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 arrangements with Queensland Treasury Corporation.

## B4 RECEIVABLES

	2021 \$'000	2020 \$'000
Trade receivables	10,097	7,692
Less: Loss allowance	(774)	(554)
	<b>9,323</b>	<b>7,138</b>
GST input tax credits receivable	1,592	1,542
GST payable	(152)	(191)
	<b>1,440</b>	<b>1,351</b>
<b>Total receivables</b>	<b>10,763</b>	<b>8,489</b>

### 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 Hospital and Health Service 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 which were previously disclosed as part of trade receivables have been moved to Contract Assets, as disclosed within Other Assets (Note B6).

## 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 Hospital and Health Service's debtors, and relevant industry data form part of the Townsville Hospital and Health Service's impairment assessment.

The Townsville Hospital and Health Service's 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 Hospital and Health Service credit risk management policies.

Where the Townsville Hospital and Health Service 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 Hospital and Health Service has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

### 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 Hospital and Health Service's receivables.

The Townsville Hospital and Health Service 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 Hospital and Health Service 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 nine years preceding 30 June 2021. The Townsville Hospital and Health Service 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.

The COVID-19 pandemic has no material impact to credit losses or credit risk on receivables at 30 June 2021.

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

	2021			2020		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
<b>Debt Type</b>						
Ineligible - Inpatient	1,967	29%	570	1,123	31%	348
Ineligible - Outpatient	298	15%	45	319	16%	51
Inpatient	4,289	3%	129	3,196	3%	96
Outpatient	1,467	2%	29	1,595	3%	48
Other - Pharmacy	38	3%	1	41	27%	11
Other	2,038	0%	-	1,418	0%	-
	10,097		774	7,692		554

Movements in the loss allowance for receivables are as follows:	2021 \$'000	2020 \$'000
Opening balance	554	476
Receivables written off during the year as uncollectable	(1,227)	(1,270)
Additional provisions recognised	1,447	1,348
<b>Closing balance</b>	<b>774</b>	<b>554</b>

## 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

	2021 \$'000	2020 \$'000
<b>Current</b>		
Prepayments	4,843	2,567
Contract assets	4,653	1,938
Other	5,516	4,419
<b>Total other current assets</b>	<b>15,012</b>	<b>8,924</b>

### Disclosure – Contract assets

Contract assets arise from contracts with customers and are transferred to receivables when the Townsville Hospital and Health Service's right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer. Accrued revenue that do 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.

### Prepayments and COVID-19 Leave

An additional 2 days of leave was granted to all non-executive employees of the Department of Health and HHS's in November 2020 based on set eligibility criteria as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave must be taken with 2 years or eligibility is lost. The entire value of the leave for health service employees was paid by Townsville Hospital and Health Service to the Department of Health in advance. The leave is expensed in the period it which it is taken, and the remaining balance treated as a pre-payment to the Department of Health of \$2.42million.

## B7 PROPERTY, PLANT AND EQUIPMENT

### Note B7-1

	2021 \$'000	2020 \$'000
Land - at fair value	59,401	59,856
Buildings - at fair value	1,358,110	1,353,692
Less: Accumulated depreciation	(673,117)	(637,546)
	684,993	716,146
Plant and equipment - at cost	165,414	159,858
Less: Accumulated depreciation	(109,371)	(103,668)
	56,043	56,190
Capital works in progress - at cost	11,507	10,696
	811,944	842,888

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
<b>Balance at 30 June 2019</b>	59,833	668,296	59,854	17,966	805,949
Additions	25	9,893	8,924	7,836	26,678
Disposals	-	1	(77)	-	(76)
Revaluation increments	-	68,420	-	-	68,420
Revaluation decrements	(2)	-	-	-	(2)
Transfers in	-	-	197	-	197
Transfers between classes	-	14,362	744	(15,106)	-
Depreciation expense	-	(44,826)	(13,452)	-	(58,278)
<b>Balance at 30 June 2020</b>	59,856	716,146	56,190	10,696	842,888
Additions	-	8,240	14,103	7,700	30,043
Disposals	-	-	(248)	-	(248)
Revaluation increments	-	1,378	-	-	1,378
Revaluation decrements	(455)	-	-	-	(455)
Transfers between classes	-	6,889	-	(6,889)	-
Depreciation expense	-	(47,660)	(14,002)	-	(61,662)
<b>Balance at 30 June 2020</b>	59,401	684,993	56,043	11,507	811,944

## 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 and Land Improvements	\$10,000
Plant and Equipment	\$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 Hospital and Health Service. 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 Hospital and Health Service 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 is 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.

#### *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 Hospital and Health Service.

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 Hospital and Health Service.

**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 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 department 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 department 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, and assets within economic entity held for the generation of cashflows 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. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### *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 or an income 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 Hospital and Health Service 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 Hospital and Health Service 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'.

## Note B7-2: Valuation

### Land

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

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

Land is measured at fair value using indexation or asset-specific independent revaluations, being provided by an independent quantity surveyor, AECOM 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 2021, with an effective date as at 30 June 2021. Land resulted in a revaluation decrement of \$455,000.

### 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 Hospital and Health Service by an independent quantity surveyor and valuer AECOM Australia Pty Ltd. The Townsville Hospital and Health Service 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 Hospital and Health Service 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 2021, with an effective date as at 30 June 2021, resulted in a building current replacement cost net increase of \$1,378,000.

## Note B7-3: Intangibles and Amortisation Expense

### Recognition and Measurement

Intangible assets of the Townsville Hospital and Health Service 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 Hospital and Health Service'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 Hospital and Health Service have finite useful lives and are amortised on a straight-line basis over their estimated useful life to the Townsville Hospital and Health Service. 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 Hospital and Health Service'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 Hospital and Health Service 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 Hospital and Health Service, 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

	2021 \$'000	2019 \$'000
<b>Total intangibles</b>		
Software work in progress	-	-
Software generated	11,661	11,661
Software purchased	3,817	3,817
Software generated - Accumulated amortisation	(10,551)	(7,230)
Software purchased - Accumulated amortisation	(3,585)	(3,317)
<b>Total intangibles</b>	<b>1,342</b>	<b>4,931</b>

	Software purchased	Software generated	Software work in progress	Total
2021	\$'000	\$'000	\$'000	\$'000
Cost	3,817	11,661	-	15,478
Less: Accumulated amortisation	(3,585)	(10,551)	-	(14,136)
<b>Carrying amount at end of period</b>	<b>232</b>	<b>1,110</b>	<b>-</b>	<b>1,342</b>
<b>Movement</b>				
Carrying amount at start of period	500	4,431	-	4,931
Amortisation expense	(268)	(3,321)	-	(3,589)
<b>Carrying amount at end of period</b>	<b>232</b>	<b>1,110</b>	<b>-</b>	<b>1,342</b>

	Software purchased	Software generated	Software work in progress	Total
2020	\$'000	\$'000	\$'000	\$'000
Cost	3,817	11,661	-	15,478
Less: Accumulated amortisation	(3,317)	(7,230)	-	(10,547)
<b>Carrying amount at end of period</b>	<b>500</b>	<b>4,431</b>	<b>-</b>	<b>4,931</b>
<b>Movement</b>				
Carrying amount at start of period	714	4,925	2,603	8,242
Additions	151	125	-	276
Transfer between classes		2,603	(2,603)	-
Amortisation expense	(365)	(3,222)	-	(3,587)
<b>Carrying amount at end of period</b>	<b>500</b>	<b>4,431</b>	<b>-</b>	<b>4,931</b>

**B8 TRADE AND OTHER PAYABLES**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade creditors	<b>38,043</b>	14,981
Accrued expenses	<b>20,129</b>	37,647
Payable funding expenses	<b>3,005</b>	3,080
Other payables	<b>971</b>	-
<b>Total other current liabilities</b>	<b>62,148</b>	55,708
<b>Non-current</b>		
Other payables	<b>2,213</b>	-
<b>Total payables</b>	<b>64,361</b>	55,708

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 maintenance arrangement entered into in 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**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Contract liabilities	<b>6,713</b>	608
Unearned other revenue	<b>69</b>	11
<b>Total other current liabilities</b>	<b>6,782</b>	619

**Disclosure – Contract liabilities**

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

## B10 EQUITY

### Note C10-1: Equity - contributed

	2021 \$'000	2020 \$'000
<b>Opening balance at beginning of year</b>	<b>576,449</b>	617,243
<i>Non-appropriated equity injections</i>		
Minor capital funding	<b>26,620</b>	21,671
<i>Non-appropriated equity withdrawals</i>		
Non-cash depreciation funding returned to Department of Health as a contribution towards capital works program	<b>(65,953)</b>	(62,465)
<i>Non-appropriated equity asset transfers</i>	<b>(12)</b>	-
<b>Net equity injections and equity withdrawals for the period</b>	<b>537,104</b>	576,449

Equity contributions consist of cash funds provided for minor capital works \$26.62m during 2021 (\$21.67m during 2020) and assets transferred to the Townsville Hospital and Health Service \$12,000 during 2021 (\$NIL during 2020). Equity withdrawals represent the contribution towards the capital works program undertaken by the Department of Health on behalf of the Townsville Hospital and Health Service.

Capital for the Townsville Hospital and Health Service comprises 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

	2021 \$'000	2020 \$'000
<b>Land</b>		
Balance at the beginning of the financial year	<b>30,137</b>	30,139
Revaluation increments/(decrements)	<b>(455)</b>	(2)
	<b>29,682</b>	30,137
<b>Buildings</b>		
Balance at the beginning of the financial year	<b>187,572</b>	119,152
Revaluation increments/(decrements)	<b>1,378</b>	68,420
	<b>188,950</b>	187,572
<b>Balance at the end of the financial year</b>	<b>218,632</b>	217,709

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

	2021 \$'000	2020 \$'000
Right-of-use building assets – at value	5,552	3,993
Less: Accumulated depreciation	(1,101)	(599)
<b>Total</b>	<b>4,451</b>	<b>3,394</b>

#### Right-of-use building assets

	\$'000
<b>Balance at 30 June 2019</b>	
Additions recognised on transition to AASB 16	3,889
Additions	104
Disposals	-
Depreciation expense	(599)
<b>Balance at 30 June 2020</b>	<b>3,394</b>
Additions	1,759
Disposals	-
Depreciation expense	(702)
<b>Balance at 30 June 2021</b>	<b>4,451</b>

#### Lease liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Lease liabilities	683	552
<b>Non-current</b>		
Lease liabilities	3,794	2,833
<b>Total</b>	<b>4,477</b>	<b>3,385</b>

#### 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.

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 Hospital and Health Service 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 Hospital and Health Service 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 Hospital and Health Service 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 Hospital and Health Service's leases. To determine the incremental borrowing rate, the Townsville Hospital and Health Service 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 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 Hospital and Health Service 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 (DHPW) and QFleet provides the Townsville Hospital and Health Service with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets. The related service expenses are included in Note B2-2.

### (iii) Amounts recognised in profit or loss

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	66	62
Breakdown of 'Lease expenses' included in Note B2-2		
Expenses relating to short-term leases and office accommodation payments	1,850	1,875
Expenses relating to QFleet	1,448	1,353
Income from subleasing included in 'Property rental' in Note B1-4	(519)	(513)

## SECTION C

### Notes about risks and other accounting uncertainties

#### 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 Hospital and Health Service 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 or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities of the Townsville Hospital and Health Service 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.

	Level 1	Level 2	Level 3	Total
2021	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Land	-	59,401	-	59,401
Buildings	-	1,746	683,247	684,993
<b>Total assets</b>	-	61,147	683,247	744,394
2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Land	-	59,856	-	59,856
Buildings	-	1,793	714,353	716,146
<b>Total assets</b>	-	61,649	714,353	776,002

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

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

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	62,085	58,098
Financial assets at amortised cost:		
Trade and other receivables	9,323	7,138
Net GST input tax credits receivable	1,440	1,351
<b>Total Financial Assets</b>	<b>72,848</b>	<b>66,587</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost - comprising:		
Trade and other payables	64,361	55,708
Lease liabilities (Current and non-current)	4,477	3,385
<b>Total Financial Liabilities</b>	<b>68,838</b>	<b>59,093</b>

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

<b>Risk Exposure</b>	<b>Measurement method</b>
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 number of receivables, inclusive of any allowance for impairment. The carrying number of receivables represents the maximum exposure to credit risk.

Credit risk on cash deposits is considered minimal given all Townsville Hospital and Health Service 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 Hospital and Health Service.

The Townsville Hospital and Health Service considers 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.

Ageing of 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 Hospital and Health Service will not have the resources required at a time to meet its obligations to settle its financial liabilities.

The Townsville Hospital and Health Service is exposed to liquidity risk through its trading in the normal course of business. The Townsville Hospital and Health Service aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations always.

The Townsville Hospital and Health Service has an approved overdraft facility of \$7.5 million under whole-of-government banking arrangements to manage any short-term cash shortfall. As at 30 June 2021, the Townsville Hospital and Health Service had not drawn down on this facility.

### **(c) Market risk**

The Townsville Hospital and Health Service is not exposed to fluctuations in market prices; market-risk exposure is limited to interest-rate risk.

Townsville Hospital and Health Service'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 Hospital and Health Service.

### **(d) Fair value measurement**

Cash and cash equivalents are measured at fair value. All other financial assets or liabilities are measured at amortised cost less any allowance for impairment, which given the short-term nature of these assets, is assumed to represent fair value.

## C3 CONTINGENCIES

### (a) Litigation in Progress

As at 30 June 2021, the following cases were filed in the courts naming the State of Queensland acting through the Townsville Hospital and Health Service as defendant:

	2021 No. of cases	New Cases	Completed Cases	2020 No. of cases
<b>Court</b>				
Health Litigation	66	26	19	59
General Liability	5	4	7	8
Property	2	3	5	4
	73	33	30	71

Health litigation is underwritten by the Queensland Government Insurance Fund. The Townsville Hospital and Health Service'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 and Property claims.

The Townsville Hospital and Health Service'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 \$1.39m (2020: \$1.30m), being the upmost deductible amount being payable, based on the claims reflected above.

## C4 COMMITMENTS

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

	2021 \$'000	2020 \$'000
<i>Capital expenditure commitments</i>		
Committed at reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	5,474	7,774
	5,474	7,774

## SECTION D

### Budgetary reporting disclosures

#### D1 BUDGETARY REPORTING DISCLOSURES

In accordance with Accounting Standard AASB 1055, explanations of major variances between actual amounts presented in the financial statements against that of 2020-2021 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 \$1 million, the line item variance from budget to actual is deemed material.

#### a) Statement of comprehensive income

*Statement of comprehensive income*

	Budget 2021	Actual 2021	Variance	Variance	Notes
	\$'000	\$'000	\$'000	%	
<b>Income</b>					
User charges	75,987	95,315	19,328	25.44%	(a)
Funding for public health services	984,069	1,009,100	25,031	2.54%	
Grants and other contributions	32,116	25,747	(6,369)	-19.83%	(b)
Other revenue	4,855	5,292	437	9.00%	
<b>Total revenue</b>	<b>1,097,027</b>	<b>1,135,454</b>	<b>38,427</b>		
<b>Expenses</b>					
Employee expenses	(3,682)	(142,197)	(138,515)	3761.95%	(C)
Health Service employee expenses	(747,566)	(639,845)	107,721	-14.41%	(c)
Supplies and services	(267,840)	(269,229)	(1,389)	0.52%	
Grants and subsidies	(2,682)	(329)	2,353	-87.73%	(d)
Interest on lease liabilities	-	(66)	(66)	-100.00%	
Depreciation and amortisation	(62,464)	(65,953)	(3,489)	5.59%	(e)
Impairment losses on financial assets	-	(1,446)	(1,446)	-100.00%	(f)
Other expenses	(11,076)	(11,914)	(838)	7.57%	
<b>Total expenses</b>	<b>(1,095,310)</b>	<b>(1,130,979)</b>	<b>(35,669)</b>		
<b>Operating result for the year</b>	<b>1,717</b>	<b>4,475</b>	<b>2,758</b>		
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Increase/(decrease) in asset revaluation surplus	(1,717)	923	2,640	-153.76%	(g)
<b>Other comprehensive income for the year</b>	<b>(1,717)</b>	<b>923</b>	<b>2,640</b>		
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,398</b>	<b>5,398</b>		

**Major variances between 2020-2021 budget and 2020-2021 actual amounts include:**

- a. User charges was favourable to budget by \$19.33m, largely attributable to the recognition of \$8.94m for services below fair value which had been budgeted to be received within Grants and Contributions. The remaining movement is due to increased operational activity, and improvement in own source revenue processes, including increases in revenue from inpatient revenue (\$3.08m), outpatient revenue (\$1.12m), Non-patient income, inclusive of Pharmaceutical Benefit Scheme (PBS) revenue (\$4.34m) and inter-entity sales (\$2.88m).
- b. Grants and contributions were unfavourable to budget by \$6.37m, due to \$8.94m Services below fair value which was instead recognised within User charges.
- c. Employee expenses budget does not account for the senior medical officers of the Townsville Hospital and Health Service and are reflected in Health Service Employee expenses. Overall, employee expenses and health service employee expenses has exceeded budget by \$30.79m. This is attributable to:
  - \$1,250 one-off payments to eligible employees per Queensland Public Health Sector Certified Agreement (No. 10) 2019, totalling \$3m.
  - increased medical and nursing labour costs due to overtime \$9.91m
  - increased nursing labour costs due to external labour \$2.34m
  - underbudgeted RDO expense leave taken \$4.98m
  - 2 days of COVID-19 leave expense taken \$4.4m
  - ASTI and Clinical Assistants workers backpay of \$3.2m
  - overspend on professional and development fees of \$1.7m
  - overspend on other medical allowances of \$2.01m.
- d. Grants and subsidies budget incorporated research funding for projects which did not commence in year.
- e. Depreciation and amortisation expenses were higher than budget by \$3.49m. This is attributable to a combination of building, plant and equipment additions of \$22.34m; CWIP transfers in year of \$6.89m, and Right-of-use (ROU) property additions of \$1.76m.
- f. Impairment losses on financial assets were not budgeted in year.
- g. There was a budgeted revaluation decrease in year as a result of anticipated impacts of COVID-19 across the property and construction industry which did not materialise. The actual revaluation result was an increase of \$923K.

## SECTION E

### What we look after on behalf of whole-of-government and third parties

#### E1 PATIENT TRUST FUNDS

	2021 \$'000	2020 \$'000
<b>Patient Trust receipts and payments</b>		
<i>Receipts</i>		
Amounts receipted on behalf of patients	<b>7,834</b>	9,319
<b>Total receipts</b>	<b>7,834</b>	9,319
<i>Payments</i>		
Amounts paid to or on behalf of patients	<b>(8,471)</b>	(9,073)
<b>Total payments</b>	<b>(8,471)</b>	(9,073)
<b>Trust assets and liabilities</b>		
<i>Assets</i>		
Current asset beginning of year	<b>5,544</b>	5,298
<b>Total assets</b>	<b>4,907</b>	5,544

#### Patient Trust

The Townsville Hospital and Health Service 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 Hospital and Health Service. These monies are received and held on behalf of patients and, as such, do not form part of the assets recognised by the Townsville Hospital and Health Service.

The Townsville Hospital and Health Service acts in a trust capacity in relation to patient trust accounts. Although patient funds are not controlled by the Townsville Hospital and Health Service, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

## E2 RESTRICTED ASSETS

	2021 \$'000	2020 \$'000
<b>Study Education and Research Trust</b>		
Revenue	1,259	1,075
Education and professional development	(255)	(325)
Travel	(1)	(7)
Equipment	(14)	(11)
Research grants and expenses	(1,044)	(756)
Total Payments	(1,314)	(1,099)
Surplus for the year	(55)	(24)
Current asset beginning of year	10,261	10,285
Current asset end of year	10,206	10,261
Plus: Amounts held in other trusts	3,320	2,823
<b>Total General Trust Funds</b>	<b>13,526</b>	<b>13,084</b>

### Restricted Assets

General Trust transactions incorporate monies received through fundraising activities, donations, and bequests which are held by the Townsville Hospital and Health Service 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 5 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 the annual general-purpose financial statements. This money is controlled by the Townsville Hospital and Health Service 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 2021 amounts of \$13,525,000. (2020: \$13,084,000) 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 Hospital and Health Service 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 Hospital and Health Service, 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 Hospital and Health Service (Public Private Partnership (PPP) arrangements).

Although the land on which the facilities have been constructed remains an asset of the Townsville Hospital and Health Service, the Townsville Hospital and Health Service does not control the facilities with these arrangements. Therefore, these facilities are not recorded as assets. The Townsville Hospital and Health Service 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 Hospital and Health Service. The Townsville Hospital and Health Service 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:

	2021 \$'000	2020 \$'000
<b>Revenue and expenses</b>		
<i>Revenue</i>		
Medilink	42	42
Goodstart Early Learning	15	16
<b>Total revenue</b>	<b>57</b>	58

#### *Medilink*

The developer has constructed an administrative and retail complex on the site at TUH. 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 \$1,213,050 (2020: \$1,255,050).

#### *Goodstart Early Learning Centre*

The developer has constructed a childcare facility on the site at TUH. 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 \$483,188 (2020: \$508,188).

In accordance with the relevant provisions of the contractual arrangements, the ownership of the buildings transfers to Townsville Hospital and Health Service at no cost to the Townsville Hospital and Health Service at the expiry of the contractual arrangements.

## SECTION F

### Other information

#### 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 Hospital and Health Service, directly or indirectly, including any director of the Townsville Hospital and Health Service. The following persons were considered key management personnel of the Townsville Hospital and Health Service 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 Hospital and Health Service's responsible Minister, the Hon Yvette D'Ath MP, is identified as part of the Townsville Hospital and Health Service's KMP, consistent with the additional guidance included in the revised version of AASB 124 *Related Party Disclosures*.

Position	Name	Contract classification and appointment authority	Initial Appointment date
Chair of Townsville Hospital and Health Board (Townsville HHB) and Chair of Townsville HHB Executive Committee	Tony Mooney AM	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2020 - 31/03/2024	18/05/2016
Deputy Chair Townsville HHB and Chair of Townsville HHB Finance Committee	Michelle Morton	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2019 - 17/05/2021 Tenure: 10/06/2021 - 31/03/2024	29/06/2012
Board Member Townsville HHB and Chair of Townsville HHB Audit and Risk Committee	Debra Burden	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2020 - 31/03/2024	18/05/2016
Board Member Townsville HHB	Christopher Castles	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2019 - 31/03/2022	18/05/2016
Board Member Townsville HHB	Nicole Hayes	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2020 - 31/03/2024	18/05/2019
Board Member Townsville HHB	Danette Hocking	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2019 - 31/03/2022	18/05/2019
Board Member Townsville HHB	Robert 'Donald' Whaleboat	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2019 - 31/03/2022	27/07/2012
Board Member Townsville HHB	Georgina Whelan	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2020 - 31/03/2024	18/05/2019
Board Member Townsville HHB and Chair of Townsville HHB Stakeholder Engagement Committee	Professor Ajay Rane OAM	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/2020 - 31/03/2024	18/05/2017

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 <i>Hospital and Health Boards Act 2011</i>	13/11/2017
Chief Operating Officer - responsible for the efficient operation of the health service providing strategic leadership and direction for the Townsville Hospital and Health Service service delivery.	Stephen Eaton	HES3-2 01 <i>Hospital and Health Boards Act 2011</i>	12/11/2018
Chief Finance Officer - responsible for strategic leadership and direction over the efficient, effective and economic financial administration of the Townsville Hospital and Health Service.	Matthew Rooney	HES3-1 01 <i>Hospital and Health Boards Act 2011</i>	03/07/2019
Executive Director Clinical Governance - provides strategic oversight of the safety and quality functions across the Townsville Hospital and Health Service.	Marina Daly	HES2-3 01 <i>Hospital and Health Boards Act 2011</i>	12/11/2019
Executive Director Human Resources and Engagement - provides strategic human resource management for Townsville Hospital and Health Service.	Sam Galluccio	HES2-5 01 <i>Hospital and Health Boards Act 2011</i>	4/07/2017 - 05/02/2021
Executive Director Digital Health and Knowledge Management - responsible for providing strategic and operational leadership of Health and Knowledge resources for Townsville Hospital and Health Service.	Louise Hayes	HES2-3 01 <i>Hospital and Health Boards Act 2011</i>	11/03/2019
Executive Director Allied Health - provides professional leadership for all allied health practitioners, including professional governance, credentialing, education and research for Townsville Hospital and Health Service.	Danielle Hornsby	HP8-3 01 <i>Health Practitioners and Dental Officers (Queensland Health) Award – State 2015</i>	13/11/2017
Executive Director Corporate and Strategic Governance - provides effective leadership, design and implementation of strategic planning and governance initiatives to enhance informed decision making of the Townsville Hospital and Health Service.	Sharon Kelly	HES2-3 01 <i>Hospital and Health Boards Act 2011</i>	09/04/2018
Executive Director Aboriginal and Torres Strait Islander Health - provides strategic oversight and operational leadership for indigenous liaison, workforce management and cultural practices.	Dallas Leon	HES2-3 01 <i>Hospital and Health Boards Act 2011</i>	17/07/2018 – 28/05/2021
Executive Director Nursing and Midwifery Services - responsible for providing strategic and operational leadership of nursing and midwifery services of the Townsville Hospital and Health Service.	Judith Morton	NRG13-2 01 <i>Hospital and Health Boards Act 2011</i>	01/12/2014
Acting Executive Director Medical Services - responsible for providing strategic and operational leadership of medical service delivery of the Townsville Hospital and Health Service.	Dr Niall Small	MMO14 01 <i>Hospital and Health Boards Act 2011</i>	17/02/2020

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Townsville Hospital and Health Service 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 Hospital and Health Service is independently and locally controlled by the Hospital and Health Board (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 Hospital and Health Service and the management of the Townsville Hospital and Health Service land and buildings (section 7 *Hospital and Health Board Act 2011*). Remuneration arrangements for the Townsville Hospital and Health Service 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 Hospital and Health Service's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* 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.

2021	Short- term benefits		Post- employment benefits	Long-term benefits	Termination benefits	Total
	Monetary	Non- monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tony Mooney AM	103	-	10	-	-	113
Michelle Morton	49	9	5	-	-	63
Debra Burden	55	9	5	-	-	69
Christopher Castles	58	3	5	-	-	66
Nicole Hayes	51	-	5	-	-	56
Danette Hocking	51	-	5	-	-	56
Robert Whaleboat	55	-	5	-	-	60
Georgina Whelan	51	9	5	-	-	65
Professor Ajay Rane OAM	54	-	5	-	-	59
Kieran Keyes	356	9	37	8	-	410
Stephen Eaton	239	9	24	5	-	277
Matthew Rooney	215	9	22	5	-	251
Marina Daly	207	9	16	4	-	236
Sam Galluccio	132	8	11	3	-	154
Louise Hayes	204	9	20	4	-	237
Danielle Hornsby	197	9	22	4	-	232
Sharon Kelly	204	9	20	4	-	237
Dallas Leon	177	9	17	4	-	207
Judith Morton	251	9	25	4	-	289
Niall Small	604	8	48	13	-	673

2020	Short-term benefits		Post-employment benefits	Long-term benefits	Termination benefits	Total
	Monetary	Non-monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tony Mooney AM	100	-	9	-	-	109
Michelle Morton	52	9	5	-	-	66
Debra Burden	55	9	5	-	-	69
Christopher Castles	54	9	5	-	-	68
Dr Eric Guazzo OAM	48	9	4	-	-	61
Nicole Hayes	51	-	5	-	-	56
Danette Hocking	51	-	5	-	-	56
Professor Ajay Rane OAM	54	-	5	-	-	59
Robert Whaleboat	51	-	5	-	-	56
Georgina Whelan	6	-	1	-	-	7
Kieran Keyes	376	9	38	8	-	431
Stephen Eaton	225	9	23	5	-	262
Matthew Rooney	225	6	23	5	-	259
Dr Tracey Bessell	97	7	9	2	40	155
Marina Daly	142	9	10	3	-	164
Sam Galluccio	220	9	22	6	-	257
Louise Hayes	208	9	20	4	-	241
Danielle Hornsby	201	8	23	4	-	236
Dr Andrew Johnson	342	14	24	7	-	387
Sharon Kelly	208	-	21	4	-	233
Dallas Leon	195	9	19	4	-	227
Judith Morton	205	9	21	4	-	239
Dr Niall Small	409	10	31	9	-	459

## F2 RELATED PARTY TRANSACTIONS

### Transactions with people/entities related to KMP

Any transactions in the year ended 30 June 2021 between the Townsville Hospital and Health Service 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 Hospital and Health Service 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.

	2021 \$'000	2020 \$'000
<b>Entity – Department of Health</b>		
Revenue	663,553	635,488
Expenditure	96,176	88,317
Asset	5,753	2,236
Liability	40,160	11,469
<b>Entity – Department of Housing and Public Works including QFleet</b>		
Expenditure	3,206	3,193
Liability	-	-

### Department of Health

The Townsville Hospital and Health Service'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. Revenue under the service agreement was \$663.55million for the year ended 30 June 2021 (2020: \$635.49million). 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. These services are provided on a cost recovery basis. In 2021, these services totalled \$96.18million (2020: \$88.32million). In addition, the Townsville Hospital and Health Service 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. In 2021 the fair value of these services was \$8.94 million (2020: \$8.45million).

Any associated receivables or payables owing to the Department of Health at 30 June 2021 are included in the balances within Note B6, Note B8 and Note B9 and separately disclosed in the table above.

The Department of Health 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 Hospital and Health Service. 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.

### Department of Housing and Public Works (including QFleet)

Department of Housing and Public Works – Townsville Hospital and Health Service pays rent to the Department of Housing and Public Works for several properties. In addition, the Townsville Hospital and Health Service 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 Hospital and Health Service holds cash investments with Queensland Treasury Corporation in relation to trust monies which are outlined in (Note E1 and Note E2).

## F3 TAXATION

The Townsville Hospital and Health Service 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 Hospital and Health Service reimbursed to/from the Department monthly. GST credits receivable from, and GST payable to the ATO, are recognised on this basis.

Both the Townsville Hospital and Health Service 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

Townsville Hospital and Health Service has applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020-2021. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities. Townsville Hospital and Health Service does not currently have any arrangements that would fall within the scope of AASB 1059. Other accounting standards or interpretations that apply to Townsville Hospital and Health Service for the first time in 2020-2021 have any material impact on the financial statements.

#### F5 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the agency's operations, the results of those operations, or the agency's future in financial years.

#### F6 COVID-19

##### Significant Financial Impacts – COVID-19 Pandemic

The following significant transactions were recognised by the Townsville Hospital and Health Service during 2020-2021 financial year in response to the COVID-19 pandemic.

*Significant revenue transactions arising from COVID-19*

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Additional revenue received to fund COVID-19 public health services initiative	18,456	3,320

2021 COVID-19 funding received is inclusive of COVID-19 recovery of operational expenses \$11.69m, whereas prior year recovery of operational expenses not included in the 2020 disclosure, was an additional \$2.72m.

The Townsville Hospital and Health Service has also waived the collection of rental revenue of \$75,000.

#### F7 CLIMATE RISK

The Townsville Hospital and Health Service has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

# Management certificate

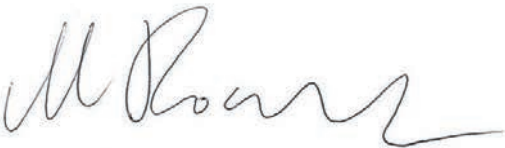
These general-purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), Section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify 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 2021 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: 17/08/2021



Matthew Rooney  
Chief Finance Officer  
Townsville Hospital and Health Service  
Date: 17/08/2021



Kieran Keyes  
Health Service Chief Executive  
Townsville Hospital and Health Service  
Date: 17/08/2021

# 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.

In my opinion, the financial report:

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

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

### Basis for opinion

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

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General 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 (\$685.0 million)

Refer to Note B7 and C1 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Buildings were material to Townsville Hospital and Health Service at balance date and were measured at fair value. Townsville Hospital and Health Service performed a comprehensive revaluation of approximately one third of its buildings this year, with remaining assets being revalued using indexation.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>• gross replacement cost, less</li> <li>• accumulated depreciation</li> </ul> <p>Townsville Hospital and Health Service derived the gross replacement cost of its buildings at the balance date using unit prices which required significant judgements for:</p> <ul style="list-style-type: none"> <li>• identifying the components of buildings with separately identifiable replacement costs,</li> <li>• developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>- estimating the current cost for a modern substitute (including locality factors and oncosts), and</li> <li>- 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.</li> </ul> </li> <li>• The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.</li> </ul> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the adequacy of management's review of the valuation process and results.</li> <li>• reviewing the scope and instructions provided to the valuer.</li> <li>• assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices.</li> <li>• assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices</li> <li>• assessing the competence, capabilities and objectivity of the experts used to develop the models</li> <li>• for unit rates associated with buildings which were comprehensively revalued this year, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> <li>- Modern substitute (including locality factors and oncosts); and</li> <li>- Adjustment for obsolescence.</li> </ul> </li> <li>• Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>- reviewing management's annual assessment of useful lives</li> <li>- at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets</li> <li>- ensuring that no building asset still in use has reached or exceeded its useful life</li> <li>- enquiring of management about their plans for assets that are nearing the end of their useful life; and</li> <li>- reviewing assets with an inconsistent relationship between condition and remaining useful life.</li> </ul> </li> <li>• Evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices.</li> </ul>

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

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

### **Statement**

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

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

### **Prescribed requirements scope**

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



David Toma  
as delegate of the Auditor-General  
Queensland Audit Office  
Brisbane  
23/08/2021

# GLOSSARY

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AASB	Australian Accounting Standards Board
ABF	Activity-based Funding
ACHS	Australian Council on Healthcare Standards
AICD	Australian Institute of Company Directors
AO	Officer of the Order of Australia
ATODS	Alcohol, Tobacco and Other Drugs Services
ATSICAC	Aboriginal and Torres Strait Islander Community Advisory Council
CAC	Consumer Advisory Council
DHPW	Department of Housing and Public Works
DoH	Department of Health
ED	Emergency Department
FISS	Facilities, Infrastructure and Support Services
FTE	Full-time equivalent
HHS	Hospital and Health Service
HSCE	Health Service Chief Executive
ICT	Information Communications Technology
IHLO	Indigenous Hospital Liaison Officer
JCU	James Cook University
KMP	Key Management Personnel
MHSG	Mental Health Service Group
MSG	Medical Service Group
MOHRI	Minimum Obligatory Human Resource Information is a whole-of- government methodology for reporting and monitoring the workforce
NAIDOC	National Aborigines and Islanders Day Observance Committee
NDIS	National Disability Insurance Scheme
NQPHN	Northern Queensland Primary Health Network
OAM	Medal of the Order of Australia
OHO	Office of the Health Ombudsman
PICC	Palm Island Community Company
QGAO	Queensland Government Accommodation Office

QGIF	Queensland Government Insurance Funding
QLD	Queensland
QWAU	Queensland Weighted Activity Units
RHSG	Rural Hospitals Service Group
SERTA	Study Education and Research Trust Account
SSG	Surgical Service Group
TAAHCL	Tropical Australian Academic Health Centre Limited
TPHU	Townsville Public Health Unit
TUH	Townsville University Hospital
WAU	Weighted Activity Units

# COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7	Page 5
Accessibility	<ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 9.1	Page 6 Page 89
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2	Page 3
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 3
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 3
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Page 3
General information	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10	Page 9-12
Non-financial performance	<ul style="list-style-type: none"> <li>Government's objectives for the community and whole-of-government plans/specific initiatives</li> </ul>	ARRs – section 11.1	Page 7-8, 13-16
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.2	Page 29-32
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.3	Page 33-34
Financial performance	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1	Page 35-36
Governance – management and structure	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1	Page 19, 24
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2	Page 17-33
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3	N/A
	<ul style="list-style-type: none"> <li>Public Sector Ethics</li> </ul>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 27
	<ul style="list-style-type: none"> <li>Human Rights</li> </ul>	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 28
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.6	Page 12
Governance – risk management and accountability	<ul style="list-style-type: none"> <li>Risk management</li> </ul>	ARRs – section 14.1	Page 21, 26
	<ul style="list-style-type: none"> <li>Audit committee</li> </ul>	ARRs – section 14.2	Page 21
	<ul style="list-style-type: none"> <li>Internal audit</li> </ul>	ARRs – section 14.3	Page 26
	<ul style="list-style-type: none"> <li>External scrutiny</li> </ul>	ARRs – section 14.4	Page 26
	<ul style="list-style-type: none"> <li>Information systems and recordkeeping</li> </ul>	ARRs – section 14.5	Page 27
	<ul style="list-style-type: none"> <li>Information Security attestation</li> </ul>	ARRs – section 14.6	Page 27

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 24-25
	• Early retirement, redundancy and retrenchment	Directive 04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 25
Open Data	• Statement advising publication of information	ARRs – section 16	Page 3
	• Consultancies	ARRs – section 33.1	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Overseas travel	ARRs – section 33.2	Nil
	• Queensland Language Services Policy	ARRs – section 33.3	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 84
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 85-88

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs Annual report requirements for Queensland Government agencies

