Darling Downs Hospital and Health Service

2019–2020 ANNUAL REPORT

Queensland Government

Accessibility

Information about consultancies, overseas travel, and the Queensland language services policy is available at the Queensland Government Open Data website (qld.gov.au/data).

An electronic copy of this report is available at www.health.qld.gov.au/darlingdowns/

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Acknowledgement

Acknowledgement of Traditional Owners

Darling Downs Hospital and Health Service respectfully acknowledges the Traditional Custodians of the region we serve and pays respect to Elders past, present and emerging. Our commitment to improving health outcomes for Aboriginal and Torres Strait Islander people is one we will continue to work diligently towards, creating health equity in line with Australian and State Government policies and initiatives.

31 August 2020

The Honourable Steven Miles MP

Deputy Premier, Minister for Health and Minister for Ambulance Services

GPO Box 48

Brisbane QLD 4001

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual Report 2019–2020 and financial statements for Darling Downs 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 50 of this annual report.

Yours sincerely

Mr Mike Horan AM

Chair

Darling Downs Hospital and Health Board

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Statement on government objectives for the community

Darling Downs Hospital and Health Service (Darling Downs Health) Strategic Plan 2016-2020 supports the priorities outlined in the government's initiative *Our Future State: Advancing Queensland's Priorities.* Our commitment to supporting the statewide health agenda is demonstrated in our plans, values and actions and their alignment with the Queensland Health priorities in *My health, Queensland's future: Advancing health 2026.*

There are six key community government objectives to advance Queensland's priorities and in 2019-20 Darling Downs Health supported these objectives through several initiatives including those listed below.

Keep Queenslanders healthy

The priorities for this objective are to increase the number of Queenslanders with a healthy body weight and reduce suicides. A key focus for Darling Downs Health in 2019-20 was to collaborate with primary health providers to reduce the impact of chronic disease and provide a leadership role in fighting the obesity epidemic with the key actions implemented:

- phase two of the Healthy Weight Management Clinic for bariatric patients
- a two-year exercise physiology trial to tackle obesity that may be caused by psychotropic drugs.

We also provided training and support for clinicians to promote confidence in recognising suicidal risk and implemented a number of a suicide prevention pathways for staff using risk assessment strategies and suicide prevention training.

Give all our children a great start

The priorities for this objective are to increase the number of healthy babies born, increase childhood immunisation and improve wellbeing prior to school. A key measure of success for our strategic objective to deliver quality evidence-based healthcare is to decrease the percentage of low birthweight Indigenous babies by 0.25 per cent annually. In 2019-20 we established working parties at all birthing sites and commenced online education for the launch of the Safer Baby Bundle (SBB) program which will include smoking cessation support and improved detection of impaired fetal growth. We also commenced the Child Development Program in September 2019 for children with behavioural concerns and development delays to give all children the best start for school.

Creating jobs in a diverse economy

Darling Downs Health continues to be one of the largest employers in the region, providing employment for 4,778 full time equivalent positions. Darling Downs Health supports significant training, education and skills development to foster future workforce capability.

My health, Queensland's future: Advancing health 2026

Darling Downs Health contributes to all four pillars of the *My health, Queensland's future: Advancing health 2026* vision. Darling Downs Health's contributions in 2019-20 are listed below:

Promoting wellbeing and improving access to quality and safe services - we implemented:

- an ICU outreach service established to improve patient safety
- colonoscopy quality indicators for certification of colonoscopists
- pacemaker implantation to provide local access
- the Geriatric Emergency Department Intervention program to provide more specialist care for older people.
- a range of community wellness and staff wellness programs.

Pursuing innovation - we introduced:

- a self-administration program for immune deficient patients
- electronic referrals for antimicrobial stewardship access
- revision of one of the mandatory state-wide triggers on the Queensland Adult Deterioration Detection System (Q-ADDS) to safely reduce medical emergency team calls
- day surgery treatment option for benign prostate enlargement.

We also participated in a collaboration to develop a digital consent interface with the ability to adapt to different cultural considerations and languages by connecting with cultural advisors and support in a digital format and thereby saving staffing costs.

Partnering with consumers and communities – we supported communities by:

- opening the Millmerran Primary Health Care Centre as an interim strategy to maintain primary care in Millmerran
- assisting with local drought and bushfire responses.

Message from the Board Chair and Chief Executive

We are proud to present the eighth annual report for Darling Downs Health.

With the bushfires affecting the Southern Downs at the beginning of the year and the COVID-19 pandemic response and recovery seeing out the end of the financial year, we have been working harder than ever to keep our communities safe and well.

As always, our biggest strength as a health service has been our ability to come together and despite the challenges, we have still managed to reach several important milestones.

Community consultation was undertaken for the detailed business case in support of the proposed new Toowoomba Hospital at the Baillie Henderson Hospital campus. We asked our communities to comment on our vision for the proposed new hospital, its services, and how it could integrate into the existing Baillie Henderson Hospital site. The response was overwhelming, and we thank our communities for taking the time to share with us their ideas for this region-shaping project.

We have also seen significant progress on the Kingaroy Hospital Redevelopment Project this financial year. The people of the South Burnett will soon have access to state-of-the-art healthcare facilities including an expanded emergency department incorporating a short stay unit, expanded renal dialysis unit, increased specialist outpatient facilities, establishment of a tele-chemo unit, introduction of a new day surgery unit including new operating theatres, birthing suites and wards built to reflect contemporary industry standards of aesthetics and functionality. The project is on-track for delivery in 2021.

Safety has been a priority this year as we continue to find ways to keep our staff, patients, visitors, and communities safe while they are in our facilities. A culture-shaping safety program was launched which encourages our staff to 'Speak Up for Safety', and where this is not practical, to use our Safer Together tool to report incidents that undermine our safety culture. Safety is everyone's responsibility and we want our entire organisation to be empowered to speak up.

The impact of the COVID-19 pandemic response and recovery has seen Darling Downs Health significantly refocus its services in the second half of the year. We worked hard this year to prepare for the projected increase in presentations due to the COVID-19 pandemic. This included increasing our emergency department and intensive care capacities, our number of negative pressure rooms, staff cleaning facilities, and accommodation infrastructure. We also established several temporary drive-through testing sites across the region. In the 2020-21 financial year, we will continue to be COVID-19 ready by carefully monitoring hospital bed capacity, and appropriately streaming patients based on clinical urgency. We are focused on the recovery of those services that were delayed during the COVID-19 preparation period.

In 2019-20 we couldn't be prouder of how much our staff have achieved amidst an ever-changing health landscape and we look forward to sharing our achievements with you all in the coming pages of this year's annual report.

About us

Darling Downs Health was established as an independent statutory authority on 1 July 2012 under the *Hospital and Health Boards Act 2011*. Darling Downs Health is governed by the Darling Downs Hospital and Health Board (the Board), which is accountable to the local community and the Deputy Premier, Minister for Health and Minister for Ambulance Services.

Darling Downs Health is one of 16 Hospital and Health Services that together with the system manager (the Department of Health) make up the entity known as Queensland Health. The Hospital and Health Services are the principal providers of public hospital and health services for the community within a defined geographical area. The Department of Health is responsible for the overall management of the Queensland public health system including state-wide planning and performance monitoring of all Hospital and Health Services. A formal service agreement is in place between the Department of Health and Darling Downs Health that identifies the services Darling Downs Health will provide, funding arrangements for those services, and targets and performance indicators to ensure expected health deliverables and outcomes are achieved. To support the services we provide, Darling Downs Health also has agreements in place with a range of private health providers for highly specialised services, and at times patients may require transportation to Brisbane for specialist services provided at tertiary facilities.

Strategic direction

Darling Downs Health is committed to strengthening the public health system by delivering services in alignment with the Queensland Government objectives for the community.

The Darling Downs Health Strategic Plan 2016-2020 was reviewed and updated in July 2019 to ensure a continuation of our objectives for the period until 30 June 2020. Our six key strategic objectives guide our annual priorities, and contribute to achieving our vision of healthier communities. Each of the strategic objectives is further defined through a number of key strategies for actioning through operational plans and health service planning with the engagement of the community and our healthcare partners. Furthermore, the Darling Downs Health Strategic Plan 2016-2020 aligns to the Queensland Government priority targets.

Darling Downs Health strategic objectives

Healthcare

Deliver quality evidence-based healthcare for our patients and clients.

Engage

Engage, communicate and collaborate with our partners and communities to ensure we provide integrated, patient-centred care.

Learning

Demonstrate a commitment to learning, research, innovation and education in rural and regional healthcare.

Resources

Ensure sustainable resources through attentive financial and asset administration.

Planning

Plan and maintain clear and focused processes to facilitate effective corporate and clinical governance.

Workforce

Value, develop and engage our workforce to promote professional and personal wellbeing and to ensure dedicated delivery of services.

Vision

Our vision is ‘Caring for our communities - healthier together’.

Values

Compassion

We engage with others and demonstrate empathy, care, kindness, support and understanding.

Integrity

We are open, honest, approachable, equitable and consistent in everything we do.

Dignity

We treat others with respect, display reasonableness and take pride in what we do.

Innovation

We embrace change and strive to know more, learn more and do better.

Courage

We respectfully question for clarity and have the strength and confidence to speak up.

Priorities

Darling Downs Health transformation agenda

Our health service provides world class health care, but we face considerable challenges associated with population growth, an ageing population and more complex health needs. To meet these growing health needs, Darling Downs Health prioritises strategies leading to improved health in our communities and better outcomes for our patients and workforce. Darling Downs Health's strategic plan outlines our priorities and measures of success. Highlights of our achievements against our objectives in 2019-20 are summarised below.

Delivering quality evidence-based healthcare for our patients and clients

Specialist outpatient strategy

Darling Downs Health received funding in 2019-20 to continue progressing the Clinical Prioritisation Criteria program through the implementation of the GP Smart Referrals (GPSR) component of Smart Referrals digital strategy. The Smart Referrals program provides digital capability to create, receive and triage outpatient referrals. With built-in decision support tools, Smart Referrals ensures all required tests and information are included in the referral to enable correct prioritisation and reductions in avoidable appointments. Go live for GP Smart Referrals was in late May 2020 with nine practices in the Darling Downs actively using GPSR by 30 June 2020. The program will continue to be rolled out in 2020-21. GPSR makes sending referrals quicker and easier for GPs and includes a comprehensive referrals services directory.

General Practitioner with Special Interest (GPwSI)

A new model of care for Toowoomba Hospital commenced in 2019-20 bringing hospital teams and General Practitioners (GPs) closer together with the recruitment 0.2 GPwSI full-time equivalents (FTE) working in our paediatric outpatient clinic and 0.3 GPwSI FTE working in our gynaecology clinic. The appointments build relationships and understanding between primary and secondary care and provide opportunities for GPwSIs to more confidently manage complex patients or undertake procedures while reducing wait times for specialist outpatient services.

Increase Telehealth utilisation

Tele-ophthalmology: In 2019-20 there was a roll out of portable fundus cameras to regional facilities and GP practices throughout the health service region to enable images to be remotely captured for review by an ophthalmologist.

Tele-remote chemotherapy: Suitably identified and clinically appropriate patients received their chemotherapy consultation via telehealth at their local facility. This permits the patient to then go on and receive their chemotherapy treatment at the local facility, reducing the need for patient travel.

Rural maternity service - Western Downs Midwifery Group Practice (MGP) program

The MGP program provides suitable woman-centred care as close as possible to where women live. Western Downs introduced this model of care in 2019-20 to provide a pregnant woman with a midwife who will accompany her at every step of her journey, including antenatal appointments, childbirth and postnatal care.

Ensuring sustainability through attentive financial and asset administration

Queensland Health funding enabled progress of the following infrastructure priorities in Darling Downs Health.

Construction

Construction of the $92.5 million Kingaroy Hospital redevelopment (including phase 2) commenced in August 2019 and is on track to be finalised in 2021. The new Kingaroy Hospital has a patient-centered design for seamless care with more effective admissions and patient flows. Staff participated throughout the planning process and provided valuable contributions to ensure the facility will continue to meet the needs of the ever-growing community.

Proposed new Toowoomba Hospital

Darling Downs Health and Building Queensland are working together on the detailed business case for the proposed new Toowoomba Hospital. The business case investigates the benefits and costs of construction of a new Toowoomba hospital at the Baillie Henderson Hospital campus to bring world-class, innovative health care to Toowoomba and the Darling Downs region. Schematic design was mostly completed by end of June 2020, with the business case due to be completed by the first half of 2020-21. The completed business case will inform decision-making about the final design, staging, and funding for the redevelopment project.

Baillie Henderson Day Surgery Centre

Darling Downs Health completed the detailed business case for the proposed new Baillie Henderson Day Surgery Centre in December 2019. The business case will inform future decision making on benefits and costs of the proposed facility. The design includes two operating theatres and several consulting rooms. This will provide the capacity to meet the ongoing surgical needs of our communities.

Engage, communicate and collaborate with our partners and communities to ensure we provide integrated, patient-centred care

Darling Downs Health partnership highlights in 2019-20 included:

- collaboration with Southern Queensland Rural Health (SQRH) for expansion of the Health and Wellness Centre
- implementation of a 12-month refugee health project (September 2019 – September 2020) to gain insight into the barriers, enablers, equity and access for clients from a refugee background accessing healthcare at Toowoomba Hospital
- Tara Hospital partnership with Queensland Gas Company and Tara State Shire College to provide healthy, nutritious meals to local primary school students to kickstart their day.

Aboriginal and Torres Strait Islander Health

Darling Downs Health implemented several initiatives in 2019-20 to promote accessible, culturally appropriate and integrated services for Aboriginal and Torres Strait Islander people in the region. A big focus for 2019-20 was maximising partnership opportunities through co-designed projects with Aboriginal and Torres Strait Islander Community Controlled Health Organisations (ATSICCHOs) to reduce Potentially Preventable Hospitalisations (PPH). Specific initiatives under the *Making tracks towards closing the gap in health outcomes for Indigenous Queenslanders by 2033: Investment strategy 2018-21* (MTIS) are listed below:

Maternal, child, youth and family health

MTIS Projects in progress in 2019-20 include:

- Cherbourg Young Parent Support Service
- outreach maternal and infant health services.

The Maternal Care Navigation (MCN) project was implemented in 2020 to improve the maternal health outcomes for Aboriginal and Torres Strait Islander mums-to-be in the Goondir Health Services Region. This project uses a Maternal Care Navigator to establish and maintain processes between Goondir Health Services and Darling Downs Health to improve clinical handover, information sharing and increased attendance to both services.

The Maternity Services Integration project was implemented to deliver a codesigned culturally appropriate antenatal education class between Carbal Medical Service Toowoomba and Darling Downs Health staff for Aboriginal and Torres Strait Islander mums to be.

The Bridging Antenatal Care, Indigenous Babies, Smoking Cessations (BAIBS) project launched in 2019. BAIBS is a partnership between Darling Downs Health birthing hospitals, Cherbourg Regional Aboriginal & Islander Community Controlled Health Services (CRAICCHS), Carbal Medical Services, Goondir Health Services, Goolburri Aboriginal Health Advancement and private medical practices across Darling Downs. Mothers registering for care prior to 14 weeks gestation receive a bundle of essential baby products by completing five antenatal visits and required tests throughout their pregnancy. BAIBS also includes a 12-week smoking cessation incentive for the mother and members of their household who smoke. Darling Downs Health achieved 100 per cent of the antenatal visits and 78.1 per cent of the smoking cessation targets for this project.

Chronic disease

MTIS Projects in progress 2019-20 include:

- the Indigenous Multidisciplinary Care Team at Toowoomba Hospital, improving early detection, treatment and management of chronic diseases to reduce the rate of PPHs and hospital readmissions. This year the Closing the Gap team improved integration with primary care services by holding regular clinics at Carbal Medical Services, Goolburri Aboriginal Health Advancement and Goondir Health Services Oakey
- the South Burnett Renal Services Expansion, which continues to increase local service capability through Telehealth and specialist outpatient support.

Filling the Gaps Oral Health Project - a partnership between CRAICCHS and Darling Downs Health

This initiative increases access to oral health services in Cherbourg through the introduction of an integrated oral health and tele-dentistry program. The Filling the Gaps Oral Health Project improves oral health knowledge and behaviours for antenatal and chronic disease patients, Aboriginal and Torres Strait Islander health workers and nursing staff in Cherbourg via regular oral health clinics in CRAICCHS using Telehealth technology.

Deadly Health Warriors application

The Deadly Health Warriors application launched in February 2020, mixing one of the oldest cultures with modern technologies to provide exciting digital games to help children learn ways to live healthy lives. The app's games encourage children to take what they have learned and use it in real life, and the app has a 60-minute time maximum each day to help limit screen time.

Mental health and AODS

MTIS Projects in progress in 2019-20 include:

- the Indigenous Alcohol, Tobacco and Other Drugs (ATODs) Youth Program Cherbourg
- the Indigenous Health Liaison in Acute Mental Health Facilities.

Stronger Smarter Yarns for Life Training is led by a Senior Advanced Health Worker and a Nurse Navigator Mental Health. Stronger Smarter Yarns for Life training addresses issues surrounding poor mental health and suicide in the Aboriginal and Torres Strait Islander communities. The approach focuses on social support in suicide prevention and understanding the unique factors contributing to thoughts of suicide for Indigenous people, including the impact of colonisation. Participants learn to identify signs when someone is not coping well and could benefit from a yarn to provide support and help to identify strategies to build their resilience and positive sense of being Aboriginal and or Torres Strait Islander. To date the Stronger Smarter Yarns for Life training has been well received by the Cherbourg Community and 39 participants attended training in 2019-20. Training was on hold in the last three months of the financial year due to the COVID-19 response.

Cultural capability and support services

MTIS Projects in progress in 2019-20 include:

- the launch of the Darling Downs Health Acknowledgement to Country Video in 2019-20, showcasing community across the region by representing the traditional owner groups. Local Aboriginal and Torres Strait Islander people performed throughout the video, dance, ceremony and traditional ways of life
- the South Burnett Indigenous Hospital Liaison Services which achieved a Discharged Against Medical Advice (DAMA) rate below the target of one per cent for 2019-20.

Aboriginal and Torres Strait Islander workforce

This year, following extensive staff consultation, Indigenous health workers were centralised to report directly to the Director of Indigenous Health. The changes in reporting lines means there is central accountability, a cohesive collaborative approach to care for Aboriginal and Torres Strait Islander people, and access to supported career direction and mentorship to build capability within the workforce.

Progress towards Indigenous workforce targets - Aboriginal and Torres Strait Islander traineeships

Darling Downs Health successfully recruited to three identified traineeships in 2019-20 including one Aboriginal Torres Strait Islander health worker trainee and two Indigenous identified dental assistants based in Warwick.

Keeping our Indigenous communities COVID-19 safe

During the peak of the COVID-19 pandemic this year, several resources were created specifically for Aboriginal and Torres Strait Islander communities to communicate vital messaging around hand hygiene, social distancing, and staying home when unwell. The communications were driven by clinicians in Cherbourg in consultation with the community. They were available for download on the Darling Downs Health website for the community to access.

Darling Downs Health Indigenous Health Forum

A record number of people attended the Darling Downs Health Indigenous Health Forum in November 2019, including Indigenous health workers, rural medical superintendents, tertiary educators, researchers, non-Indigenous health staff, and Chief Aboriginal and Torres Strait Islander Health Officer Haylene Grogan. The day focused on information sharing to enhance the care provided to Aboriginal and Torres Strait Islander people within the Darling Downs Health area, as well as integrating primary and emergency health care. The forum was very successful in building cohesive relationships across the region.

Board appointment

Dr Maree Toombs was appointed to the Darling Downs Hospital and Health Board in 2020. Dr Toombs is an Aboriginal woman with cultural lineage to the Kooma people of Western Queensland and Euahlayi People of North Western NSW, ensuring Aboriginal and Torres Strait Islander participation at all levels of decision making within Darling Downs Health.

Our community based and hospital-based services

Overview

Darling Downs Health is the major provider of public hospital and health services in the Toowoomba, Western Downs, South Burnett and Southern Downs regions. Darling Downs Health is also a provider of specialist services to residents from surrounding areas, including South West Queensland, northern New South Wales and the Lockyer Valley regions.

Our region

The defined geographic region of Darling Downs Health is large and diverse covering approximately 90,000 square kilometres. The area covers the local government areas of the Toowoomba, Western Downs, Southern Downs, South Burnett and Goondiwindi regional councils, Cherbourg Aboriginal Shire Council and the community of Taroom in the Banana Shire Council.

The health service provides services to a regional and rural population growing at a rate of about one per cent annually and expected to reach approximately 295,000 by 2021-22. Aboriginal and Torres Strait Islander Australians make up five per cent of the Darling Downs population compared to four per cent across the state.

Our services

In 2019-20, services were provided from 28 facilities across the region, including one large regional referral hospital, one extended inpatient mental health service, three medium-sized regional hub hospitals, 12 rural hospitals, three multipurpose health services, one community outpatient clinic, one community care unit and six residential aged care facilities.

The comprehensive range of services provided by Darling Downs Health throughout the region includes both specialist inpatient and outpatient services, such as:

- allied health
- cancer services
- cardiac medicine
- emergency medicine
- intensive care
- medical imaging
- medicine and a range of medical subspecialties
- mental health and addiction medicine
- obstetrics and gynaecology
- paediatrics
- palliative care

- rehabilitation
- surgery and a range of surgical subspecialties.

Services delivered in the community include:

- Aboriginal and Torres Strait Island health programs
- community mental health programs
- BreastScreen Queensland
- child and maternal health services
- community care services and home care services
- community rehabilitation
- infectious diseases
- oral health
- public health
- residential aged care
- aged care assessment
- sexual health
- refugee health
- women's health.

Car parking concession

A total of 12,217 car parking concession passes (9418 on-campus and 2799 undercover) were issued at a total cost of $138,807.60 after taking into account visitor contributions.

Targets and challenges

Darling Downs Health faces many challenges and opportunities in delivering our public health services to the community. The Darling Downs Health Strategic Plan 2016-20 identifies five key risks the health service must manage in delivering our vision 'caring for our communities – healthier together'. Despite our challenges associated with the COVID-19 pandemic, the health service maintained performance against most targets in 2019-20. Outlined below are four of our key strategic risks. Our fifth risk - our ability to recruit and retain the right people to the right place, is addressed in the strategic workforce planning and performance section.

Challenges

- Maintain high standards for patient care and staff wellbeing in line with safety and quality obligations and national standards, in an environment of increasing demand.
- Maintain a sustainable, high-quality service while managing increasing demand due to population growth and changing consumer health profiles, including an aged population and increasing incidence of chronic disease and obesity, while also meeting evolving community expectations. Within the region serviced by Darling Downs Health:
    - 32 per cent of the population are in the lowest quintile for socioeconomic disadvantage
    - 30 per cent of the population are obese
    - 12 per cent of the population are aged 70 years or older.
- The size of the region and the need for some patients to travel significant distances to receive specialist healthcare contributes to the numbers of claims administered by Darling Downs Health through the Patient Travel Subsidy Scheme.
- Maintain a balanced budget and sound financial position in an environment with increasing demand and potential funding model changes.
- Outdated and repurposed infrastructure, including information communication technology that, without significant capital investment, will result in an inability to take advantage of emerging technologies and provide facilities that are fit for purpose to deliver contemporary care.

Specific challenges include:

Service capacity Toowoomba Hospital

Target strategies

In addition to the planning underway detailed in the business case for the Toowoomba Hospital Redevelopment project, several inter-related projects are planned or underway to expand capacity in the short term, including:

- installation of an eighth operating theatre
- planning for the physical expansion of the Emergency Department to increase capacity to meet 2.7 per cent growth per annum
- resourcing the Clinical Decision Unit to improve emergency department flow and key performance indicators

- submission of a detailed business case for a day surgery centre at Baillie Henderson Hospital, with the aim of alleviating theatre pressure at the Toowoomba Hospital campus.

Compliance with standards

Target strategies

In 2019-20 considerable investment was made to update body protection and associated infrastructure to comply with AS/NZS 3003:2018 for electrical installations in patient areas across all 19 hospital facilities.

The central sterilising services at Toowoomba Hospital were upgraded in 2019-20, with improvements including dedicated access to town water, increased capacity to provide water for reverse osmosis, and additional equipment to meet compliance with sterilising standard - AS/NZS 4187:2014 reprocessing of reusable medical devise in health service organisations. The completion of the new Kingaroy Hospital in 2021 will address sterilising standards for this facility. Significant resourcing is required to bring a further four rural facilities with operating theatres to standard as well as meeting oral health clinic and dental van needs.

Maintaining modern digital hospital solutions

Target strategies:

The Integrated Electronic Medical Records project for Toowoomba Hospital was deferred in 2019-20 until a decision on the proposed Toowoomba Hospital Redevelopment project is progressed. Darling Downs Health continues to implement corporate software systems as they are introduced, and this year the implementation of S/4 HANA financial system application was a major project.

Governance

Our people

Board membership

The Darling Downs Hospital and Health Board (the Board) is appointed by the Governor in Council on the recommendation of the Minister in accordance with section 23 of the *Hospital and Health Boards Act 2011*. The 10 Board members represent the four regions of the health service – Southern Downs, Western Downs, South Burnett and Toowoomba – to strengthen local decision making and build effective relationships with the community. The Board is responsible for the oversight of health services in the region and is accountable for its performance in delivering quality health outcomes to meet the needs of the community it serves.

Mr Mike Horan AM

Chair, Darling Downs Health Board

Mike was the Member for Toowoomba South in the Queensland Parliament from 1991 to 2012. During his political career Mike served as the leader of the National Party, leader of the Opposition, Shadow Attorney-General and Shadow Minister for Police, Health, and Primary Industries respectively. Mike regards his time as Minister for Health (1996-1998) as a highlight of his political career. During his time as Health Minister, the Surgery on Time System was established, a 10-year Mental Health Plan introduced, and targets for breast screening and children's immunisation were set and achieved.

In June 2013, Mike was awarded a Member of the Order (AM) in the General Division of the Order of Australia for significant service to the Parliament of Queensland and to the community of the Darling Downs.

Mike was appointed as Board Chair of the Darling Downs Hospital and Health Service in May 2012 and is the Chair of the Board Executive Committee. He was the inaugural Chair of the Queensland Hospital and Health Board Chairs' Forum from 2012 to 2014. Mike is the Queensland Hospital and Health Board Chairs' Forum representative for the Investment Assessment Committee.

Mike is a great believer in working with the community to achieve results.

Dr Dennis Campbell

PhD, MBA, FCHSM, FAIM, GAICD

Deputy Chair, Darling Downs Health Board (Toowoomba)

Dr Dennis Campbell has been a Chief Executive Officer (CEO) in both the public and private health sectors, during which he held the positions of Assistant and Acting Regional Director in the Queensland Department of Health as well as Chief Executive Officer at St Vincent's Hospital, Toowoomba for 10 years.

In 2007, he was awarded an Australia Day Achievement Medallion for services to the Australian College of Health Service Executives. In 2008, he was awarded the Gold Medal for Leadership and Achievement in Health Services Management recognising his contribution and professional achievements in shaping healthcare policy at the institutional, state and national levels.

Dennis is Chair of the Board Finance Committee and a member of the Board Executive and Board Audit and Risk Committees.

Trish Leddington-Hill

BSc, LLB, GAICD

Board member, Darling Downs Health Board (Western Downs)

Ms Patricia (Trish) Leddington-Hill worked for more than 10 years with RHealth, a primary healthcare organisation servicing the Darling Downs and South West Queensland, before being appointed to the Darling Downs Hospital and Health Service Board in November 2012. In addition to her Board role, Trish is also currently back working as a part-time Executive Manager for RHealth, and in a part time coordinator role supporting the Western Queensland Primary Health Network (WQPHN).

Trish is Chair of the Board Safety and Quality Committee and a member of the Board Audit and Risk Committee.

Dr Ross Hetherington

MBBS, DRANZOG, FACCRM, PGDipPallMed, FAICD

Board member, Darling Downs Health Board (Southern Downs)

Dr Ross Hetherington is a medical practitioner and a Designated Aviation Medical Examiner (DAME). Ross also co-founded the Central Queensland Rural Division of General Practitioners.

Ross has extensive experience in rural medicine and has been in private practice as a GP in Warwick since 1996. He is a Board Member of Health Workforce Queensland, which supports the regional, rural and remote health workforce in Queensland. Ross is Board Chair of RHealth and was a foundation member of Regional Health Board, Longreach.

Ross is a member of the Board Executive and Board Safety and Quality Committees.

Megan O'Shannessy

RN, RM, MPH, GAICD

Board member, Darling Downs Health Board (Western Downs)

Ms Megan O'Shannessy is a registered nurse and midwife. She has extensive clinical and leadership experience in rural health as Director of Nursing in Thargomindah (1990–1992), Dirranbandi (1992–1995), St George (1995–2001) and Warwick (2001–2013). She was the District Manager of Southern Downs (2007–2008), leading the transition to the district structure. Megan is the Chief Executive Officer of Queensland Rural Medical Education Ltd, partnered with Griffith University to deliver the School of Medicine Rural Program. Megan is a Senior Lecturer at Griffith University, holds a Master in Public Health (JCU) and a Bachelor of Nursing (USQ). Megan is also a member of the Queensland Board of the Medical Board of Australia.

Megan is a member of the Board Finance and Board Safety and Quality Committees.

Marie Pietsch

MAICD

Board member, Darling Downs Health Board (Southern Downs)

Ms Marie Pietsch is a member of Inglewood Multipurpose Health Service Management Committee and Chair of the Inglewood Community Advisory Network for over 20 years.

Her leadership and networking skills were acknowledged in 2003 with a Centenary Medal for distinguished service to the community. Marie also received an Australia Day Achievement Medallion for outstanding service to Queensland Health and in 2014 Marie was awarded Citizen of the Year by the Goondiwindi Regional Council for services to the community, especially in health. She is a member of Australian Institute of Company Directors (AICD).

Marie is a member of the Board Audit and Risk and Board Finance Committees and is a representative on the Darling Downs Hospital and Health Service Consumer Consultative Committee.

Dr Ruth Terwijn

RN, MNurs (Hons), PhD GAICD

Board member, Darling Downs Health Board (Toowoomba)

Dr Ruth Terwijn is a registered nurse and academic who started her nursing career at St Vincent's Hospital, Toowoomba. Ruth worked with Family Planning Queensland in clinical, educational and managerial roles. During this time she completed an Advanced Practice Nursing in Sexual and Reproductive Health course and a Master of Nursing (Hons) through University of Southern Queensland (USQ).

After many years at Family Planning Queensland (FPQ), she changed her focus to become a lecturer of nursing at USQ. Her teaching priority during this time was introducing student nurses to the profession of nursing, post graduate rural and remote nursing courses, and part of the team that introduced flexible learning through online nursing courses. Ruth worked closely with nursing students who held a Permanent Humanitarian Visa. In 2015, she completed her PhD with a critical research study of the experiences of English as an additional language (EAL) and international nursing students.

Ruth is a member of the Board Executive and Board Safety & Quality Committees.

Professor Julie Cotter

PhD, BCom(Hons), FCPA, CA, GAICD

Board member, Darling Downs Health Board (Toowoomba)

Professor (Emeritus) Julie Cotter is a respected academic with a wealth of experience in business and governance. Julie is a Chartered Accountant and a Fellow of CPA Australia.

Professor Cotter is the Chair of the AICD Toowoomba Regional Committee, a member of Exercise and Sports Science Australia's (ESSA) National Board and an independent member the Department of Education Audit and Risk Management Committee. Other previous non-executive board roles include Toowoomba and Surat Basin Enterprise (TSBE).

Professor Cotter held senior management positions at the USQ between 2006 and 2017, including Head of School and Research Centre Director roles.

Julie is Chair of the Board Audit and Risk Committee and a member of the Board Finance Committee.

Ms Cheryl Dalton

MAICD

Board member, Darling Downs Health Board (South Burnett)

Ms Cheryl Dalton has extensive governance experience gained in her sixteen years as a local government Councillor in the South Burnett as well as through a long-standing membership on a Department of Natural Resources and Mines Panel. She is currently the Chief Executive of SBcare, a not for profit aged and disability service and works closely with and advocates for the community and social service sector.

Cheryl has in excess of thirty years business management experience through her family agribusiness ventures where she is active as a Managing Director in a variety of agricultural enterprises and works primarily in the financial and quality assurance aspects of the business.

Cheryl is a member of the Board Audit and Risk and Board Safety and Quality Committees.

Associate Professor Maree Toombs

PhD, GCEF, BPED

Board member, Darling Downs Hospital and Health Board (Toowoomba)

Associate Professor Maree Toombs is the Associate Dean (Indigenous Engagement) for the Faculty of Medicine at The University of Queensland, where her focus is on implementing their Reconciliation Action Plan as well as ensuring the continued support of Indigenous students at the University. Maree is an Aboriginal woman with cultural linage to the Kooma people of Western Queensland and Euahlayi People of North Western New South Wales. She was the first Aboriginal person to be awarded a PhD from the University of Southern Queensland.

Maree is recognised nationally and internationally for her research work around mental health outcomes for Aboriginal people with multiple comorbidities, in particular managing chronic physical illness and mental health in a holistic way and building resilience.

Maree is a Churchill Fellowship recipient with over 20 years' experience teaching and developing curriculum relating to Indigenous education and health.

Maree is a member of the expert advisory committee for Indigenous Health to the Medical Deans of Australia and New Zealand and is Chair of the Board of Directors at Carbal Medical Services.

Maree is a member of the Board Safety & Quality Committee.

Board and committee meeting attendance 2019-20

Table 1 below summarises Board member attendance at Board meetings and committees in 2019-20.

Board Members Attendance at Committees												
Meeting			Board		Executive		Finance		Audit and Risk		Safety and Quality	
Name	Position (Commenced)	Current Term	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend
Mike Horan AM	Chair (18/05/2012)	18/05/2020 31/03/2024	11	11	11	11	-	-	-	-	-	-
Dennis Campbell	Deputy Chair (29/06/2012)	18/05/2019 31/03/2022	11	10	11	9	11	9	4	3	-	-
Cheryl Dalton	Member (29/06/2012)	18/05/2018 17/05/2021	11	10	-	-	-	-	4	4	6	3
Julie Cotter	Member (18/05/2017)	18/05/2020 31/03/2022	11	10	-	-	11	11	4	4	-	-
Marie Pietsch	Member (29/06/2012)	18/05/2019 31/03/2022	11	11	-	-	11	11	4	4	-	-
Megan O'Shannessy	Member (18/05/2013)	18/05/2019 17/05/2021	11	10	-	-	11	9	-	-	6	5
Ross Hetherington	Member (29/06/2012)	18/05/2018 17/05/2021	11	10	11	9	-	-	-	-	6	4
Ruth Terwijn	Member (18/05/2016)	18/05/2020 31/03/2022	11	9	11	10	-	-	-	-	6	6
Trish Leddington-Hill	Member (09/11/2012)	18/05/2018 17/05/2021	11	11	-	-	-	-	4	4	6	6
Maree Toombs	Member (18/05/2020)	18/05/2020 31/03/2024	11	2	-	-	-	-	-	-	-	-

Board meetings

Each month the Board meets to provide guidance on the strategic direction of the health service. The Health Service Chief Executive (HSCE) attends as a standing invitee at each Board meeting. The Board visit all areas of the health service with every second meeting held in a rural facility.

Total Board out of pocket expenses were $21,419 and further details on the Board remuneration is provided in Appendix 1.

Committees

The Darling Downs Hospital and Health Board has legislatively prescribed committees to assist the Board in fulfilling its responsibilities. Each committee operates in accordance with a charter which clearly articulates its role, scope and deliverables.

Executive Committee

The Executive Committee is established under section 32A of the *Hospital and Health Board Act 2011* (the Act). The role of the committee is to work with the Health Service Chief Executive (HSCE) to progress strategic priorities identified by the Board and to strengthen the relationship between the Board and HSCE to ensure accountability in the delivery of health services. The committee sets the Board agenda and itinerary for each meeting and assists the HSCE in responding to critical emergent issues.

Finance Committee

The Finance Committee is established in accordance with the requirements of section 33 of the *Hospital and Health Boards Regulation 2012* (the HHB Regulation) and is accountable to the Board for overseeing matters relating to the financial position, resource management strategies and the performance objectives of the health service. The committee assesses the health service budget to ensure consistency with identified organisational objectives and alignment with the funding received to enable the approval of the budget by the Board. The committee provides assurance and oversight to the Board regarding financial risks that may impact on the service's financial performance and ensures appropriate management strategies are in place.

Safety and Quality Committee

The Safety and Quality Committee is established in line with section 32 of the HHB Regulation and ensures a comprehensive approach to governance matters relevant to the safety and quality of health services is developed and monitored. The committee provides strategic leadership and promotes improvements to patient safety systems, monitoring the safety and quality of health services to ensure the delivery of safe and effective care. The committee provides assurance and assistance to the Board regarding the safety and quality governance arrangements and the service's strategies for compliance with policies, agreements and standards as well as national and state strategies.

Audit and Risk Committee

In 2019-20 the Audit and Risk Committee observed the terms of its charter and operated with due regard to Queensland Treasury's *Audit Committee Guidelines*. The Committee is established under section 34 of the HHB Regulation, and advises the Board on matters relating to:

- the appropriateness of the health service's financial statements, including review of the Chief Finance Officer's assurance statement, ensuring compliance with accounting practices and standards prescribed under the *Financial Accountability Act 2009* and ensuring external scrutiny of the statements.
- the Queensland Audit Office - the external auditor in relation to proposed audit strategies and the annual audit plan
- the finding and recommendations of external audits and ensuring appropriate management response to all actions.
- monitoring the internal audit function and endorsement of the internal audit plan.

Executive management

As at the end of the reporting period the Darling Downs Health Executive Management team included the following members.

Dr Peter Gillies

MBChB, MBA, FRACMA, GAICD

Health Service Chief Executive Darling Downs Health

Dr Peter Gillies was appointed as Health Service Chief Executive in May 2016. Dr Gillies has been with Darling Downs Health since 2009, when he moved to Toowoomba to take up the role of Director Medical Services. Dr Gillies was appointed as Executive Director of Medical Services in February 2011, and subsequently General Manager Toowoomba Hospital in July 2013. Dr Gillies is a Fellow of the Royal Australasian College of Medical Administrators and has a Master of Business Administration from Otago University. He is also a Graduate of the AICD. He has been a doctor for more than 25 years and has worked in South Africa and the United Kingdom in both hospital and general practice roles prior to immigrating to New Zealand
in 1995.

Shirley-Anne Gardiner

BBS, BA (Hons), MMgt, MMgt (Hons), GAICD

Executive Director Toowoomba Hospital

Ms Shirley-Anne Gardiner has been the Executive Director of Toowoomba Hospital since August 2016. Shirley-Anne is also Deputy Chair for the Queensland Health Chief Operating Officer (COO) Forum and a member of the Regional Child, Youth and Family Committee – Darling Downs. Shirley-Anne has previously held leadership roles including Operations Manager of Palmerston North Hospital (a 350-bed regional hospital in Mid Central Health, New Zealand), and Executive Director of Population Health and Engagement for the Darling Downs South West Queensland Medicare Local. She is a Graduate of the AICD and is on the Board of three not-for-profit organisations in Toowoomba.

Greg Neilson

FACMHN, GAICD, BHSc(N), Cert Community MH, MHlthM, GCertHlthEcon, PGCertForensicMentalHlthNurs, MNurs, MMHN, MAdvPracNurs, PGCertAdolescentMentalHlthNurs

Executive Director Mental Health, Alcohol and Other Drugs Services

Mr Greg Neilson has more than 25 years' experience in senior nursing and management positions in Darling Downs Health, Division of Mental Health, Alcohol and Other Drugs. Greg is a fellow of the Australian College of Mental Health Nurses and a Graduate of the Australian Institute of Company Directors. Greg has been the Executive Director Mental Health since June 2016. In this role Greg is accountable for executive leadership over mental health, and alcohol and other drugs services, which includes acute and extended inpatient and community services.

Dr Hwee Sin Chong

MBChB, MHM, MIPH, FRACMA, GAICD, CHIA

Acting Executive Director Medical Services

Dr Hwee Sin Chong started with Darling Downs Health as the Deputy Director of Medical Services in 2011. In 2014, she was appointed to the role of Executive Director Medical Services, and then in 2017 was selected as the new Executive Director of the then-named Rural and Remote Medical Support (now known as the Queensland Rural Medical Service). In February 2020 Dr Chong returned to the role of Executive Director Medical Services in an acting capacity. Dr Chong is a Fellow of the Royal Australasian College of Medical Administrators and has a Master of Health Management and Master of International Public Health from the University of New South Wales. Dr Chong is currently the Acting Executive Director Medical Services for Darling Downs Health. In this role Dr Chong is responsible for the Medical Education Unit, Pastoral Care Services, and providing professional medical leadership across Darling Downs Health.

Joanne Shaw

RN, MNurs, GCertCCNurs, GCertTRNSPRC, GCertCCEngage, GAICD

Executive Director Rural

Ms Shaw has extensive knowledge of the strategic and operational leadership of tertiary, rural and remote hospitals to provide high quality, safe, sustainable, patient and family centred care. Joanne has previously held leadership roles including, most recently, Director of Nursing Integrated Health Services at North West Hospital and Health Service. Ms Shaw was appointed Executive Director Rural, Darling Downs Health in 2018. Notable achievements include graduating from the AICD and publishing in the British Journal of Haematology.

Andrea Nagle

RN, RM, MHM, GCert Child & Family Health, MACN, Adjunct Assoc Professor, USQ School of Nursing and Midwifery

Executive Director Nursing and Midwifery Services

Ms Andrea Nagle is a career nurse who has worked in the public and private health sectors as well as non-government health organisations. Ms Nagle was appointed as the Darling Downs Health Director of Nursing Rural (Western Cluster), before stepping into the Darling Downs Health Executive Director Nursing and Midwifery Services role in July 2017. In this role Ms Nagle is the professional lead responsible for nursing and midwifery services across Darling Downs Health and maximising the potential of nursing to enhance health outcomes for the health service.

Annette Scott

BPhty, GCM, GAICD

Executive Director Allied Health

Annette has been a member of the Darling Downs Health executive team since August 2013. In her role as Executive Director Allied Health, she is the operational lead for the allied health workforce within Toowoomba Hospital and the rural communities of the Darling Downs and South Burnett, as well as the professional lead for the health practitioner workforce across Darling Downs Health. She is the Darling Downs Health representative on the Advisory Board of the newly established Southern Queensland Rural Health, a University Department of Rural Health. From March to June 2020, Annette fulfilled the role of Silver Commander for the Darling Downs Health Emergency Operation Centre and played a key role in the COVID-19 preparedness and response planning.

Jane Ranger

BBus (Acc), FCPA, GAICD

Chief Finance Officer

Ms Jane Ranger was appointed to the Chief Finance Officer role in August 2016. In this role, Jane provides single-point accountability for the Finance Division including Financial Control and the Business Analysis and Development areas, ensuring prudent financial management for Darling Downs Health. Prior to being appointed to this role Jane was the Senior Finance Manager for Toowoomba Hospital. Jane has extensive experience in both public and private health care including five years as the State Commercial Manager, Queensland, Northern Territory and New South Wales for Healthscope. In 2018 Jane graduated from the Graduate AICD and completed the Queensland Health Change Leadership Program in association with KPMG and Harvard University.

Dr Paul Clayton

BSc, BSc(Hons), PhD, DipBus, GAICD

Executive Director Infrastructure

Dr Paul Clayton joined Darling Downs Health in 2016 after more than 20 years in project management and technical services delivery in infrastructure and in the environment and water sector. With a career that includes direct experience in research, government, and the private sector, Paul brings a professionally balanced and practical approach to corporate governance, project management, strategic oversight and business planning. Paul was appointed to the Executive Director Infrastructure role in October 2016. In this role, Paul provides executive leadership over the Infrastructure Division and ensures the coordinated delivery of Darling Downs Health infrastructure and maintenance projects. Before joining Darling Downs Health, Paul was General Manager for a local division of an international consultancy and contractor company working with clients on infrastructure projects for the resources, transport, urban development, and the agricultural sectors, and for all three tiers of government in Australia.

Hayley Farry

BEd, DipMgt

Executive Director Workforce

Ms Hayley Farry joined Darling Downs Health in 2011 and was appointed to the role of Executive Director Workforce in 2018, overseeing learning and development, culture and engagement, workforce planning, workforce relations, recruitment, and workplace health and safety. During her time at Darling Downs Health, Hayley has invested in safety and quality by successfully implementing a partnership with the Cognitive Institute’s programs for Speaking Up for Safety and Promoting Professional Accountability under Darling Downs Health's Safer Together initiative. She has developed and embedded a values-based culture which underpins all aspects of human resources including performance appraisal and recruitment. Hayley is passionate about building an organisational culture where there is a high level of importance placed on safety and ensuring that safety performance is supported by strong leadership and management commitment.

Julian Tommei

BA LLB

Executive Director Legal and Governance

Julian Tommei is a lawyer with more than 25 years of experience in South Africa, New Zealand and Australia. He spent 12 years in private practice in South Africa in medium to large size law firms prior to immigrating to New Zealand in 2002. He has spent the last 15 years in legal and governance roles in public sector health organisations in New Zealand and Australia. Julian was appointed to the position of Legal Counsel at Darling Downs Health in April 2012. He has acted in the role of Director Governance and Assurance since April 2017 whilst continuing the role of Legal Counsel. Julian was appointed to the role of Executive Director Legal and Governance on 1 April 2019. The role provides leadership, direction and management of all corporate legal and governance activities within Darling Downs Health.

Dr Dilip Dhupelia

LRCPS(Ire.); DIP OBST ACOG; FRACGP; FARGP; AFRACMA; FAICD

Acting Executive Director Queensland Rural Medical Service

Dr Dilip Dhupelia has a long track record with Darling Downs Health and the Toowoomba community, commencing as a Resident at Toowoomba Hospital and subsequently Medical Superintendent at Millmerran (1978-1982). He then practised in Toowoomba (1982-2005) as a GP obstetrician in a private capacity. From 2006-2010, Dr Dhupelia worked for the Commonwealth Government as Senior Medical Advisor for Medicare Australia. Dilip has a passion for rural health and returned to Queensland Health in 2010 as Director of Medical and Clinical Services at Queensland Country Practice in the Office of Rural and Remote Health, a unit that is now part of Queensland Rural Medical Service and a division within Darling Downs Health. Dilip is a Fellow of the AICD and his Board activities include AMA Queensland Foundation and General Practice Training Queensland. Dilip has been acting as Executive Director of Queensland Rural Medical Service since November 2019.

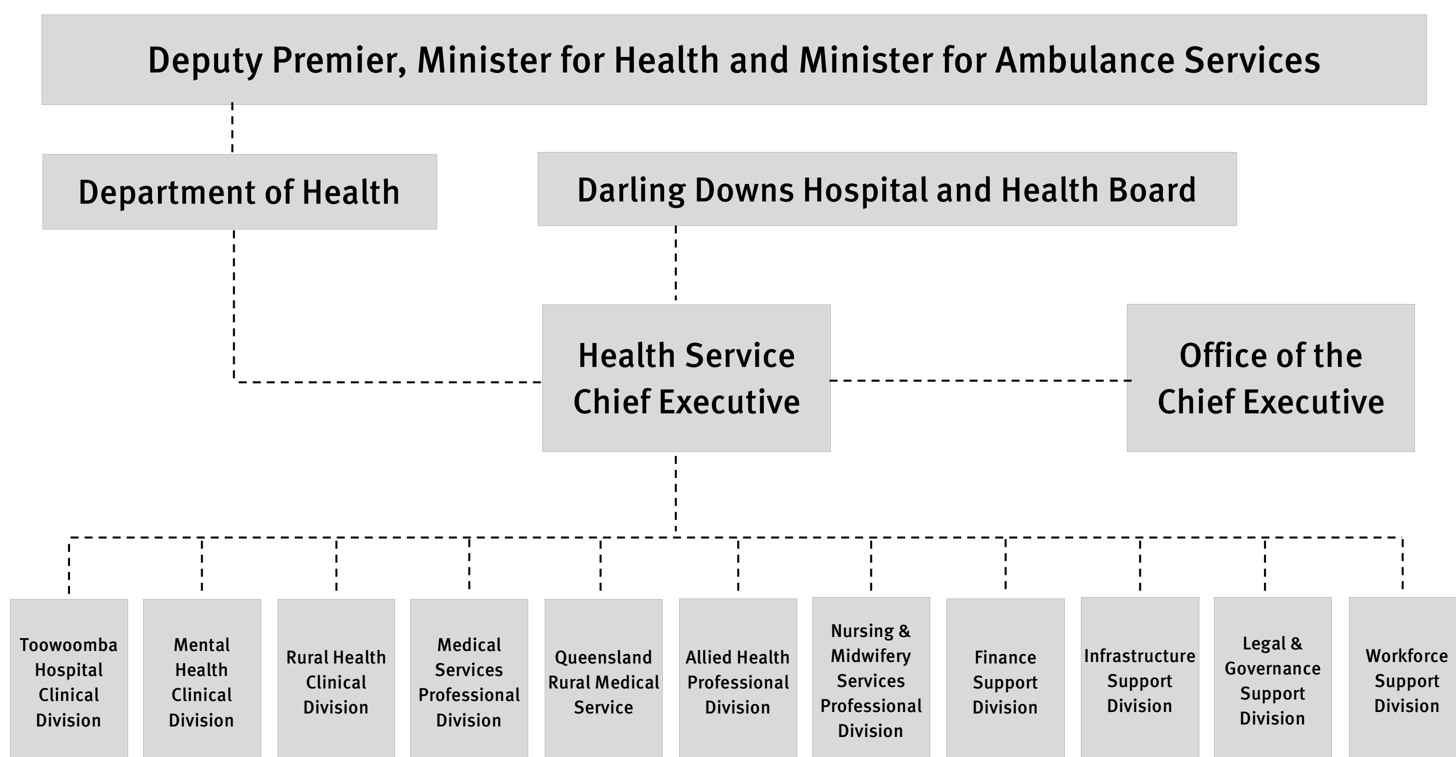
Michelle Cleary

BOccThy, GCert HUL Thy

Acting Executive Director Allied Health

Ms Michelle Cleary is a career occupational therapist and has worked in the health sector for more than 17 years, both in Australia and the United Kingdom. Michelle's career expands across both private practice and the public health system, holding senior management and leadership positions. Michelle joined Darling Downs Health as the acting Director of Strategy and Planning in 2018. Michelle is currently acting Executive Director of Allied Health (EDAH) and is the operational lead for the allied health workforce within the Toowoomba Hospital and the rural communities of the Darling Downs and South Burnett. Michelle was appointed the role of Executive Director Allied Health from March to 30 June 2020.

Organisational structure



Darling Downs Health implemented temporary organisational structure changes in March 2020 to form a Health Emergency Operation Centre (HEOC) to respond to the COVID-19 pandemic. The HEOC structure provided executive level command oversight, governance and resource support to rapidly stand up the required response to COVID-19. State and Commonwealth COVID-19 staging restrictions resulted in some services, specifically operating theatres, endoscopy, specialist outpatient services, oral health, and breast screening services, only delivering emergency activity. Staff in affected areas and vulnerable staff were deployed to undertake alternative duties for the COVID-19 response including testing, contact tracing, PPE stocktake and 1800 call centre support. As at 30 June 2020 the majority of deployed staff had returned to their work units as restrictions eased. A core HEOC remains in place to manage ongoing COVID-19 planning and response preparedness in 2020-21.

Table 3 More doctors and nurses*

	2015-16	2016-17	2017-18	2018-19	2019-20
Medical staff [a]	362	384	395	426	469
Nursing staff [a]	1,830	1,919	2,042	2,109	2,190
Allied Health staff [a]	454	478	485	502	525

Table 4 Greater diversity in our workforce*

	2015-16	2016-17	2017-18	2018-19	2019-20
Persons identifying as being First Nations [b]	78	84	104	109	128

Note: * Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end. Data presented is to June 2020.

Source: [a] DSS Employee Analysis, [b] Queensland Health MOHRI, DSS Employee Analysis.

Our workforce profile consists of a total of 4,778 full-time equivalent staff with a permanent separation rate of six per cent in 2019-20.

Our divisions

Darling Downs Health management consist of 11 divisions, and the Office of the Chief Executive, working in partnership to deliver health services to our communities. The divisions are grouped into clinical, professional and support roles with each having specific responsibilities and accountabilities for the effective performance of the organisation.

Clinical divisions

There are three clinical divisions that lead the delivery of high quality, safe and evidence-based patient care across Darling Downs Health, which are outlined below.

Toowoomba Hospital

Toowoomba Hospital is the largest of the clinical divisions, responsible for the operation of the main regional hospital in Darling Downs Health, with 427 beds.

Toowoomba Hospital serves as the regional referral hospital for parts of the South West Hospital and Health Service, including Roma and Charleville. The Clinical Services Capability Framework (CSCF) rates Toowoomba Hospital as a level five hospital, managing all but the most highly complex patients and procedures.

Mental Health Services

This division provides a comprehensive range of acute child and youth, adult and older persons inpatient services at the Toowoomba Hospital campus as well as extended inpatient and rehabilitation services at the Baillie Henderson Hospital campus in Toowoomba. In addition to inpatient services, the division provides a range of outpatient and community mental health services in Toowoomba and at a number of rural centres within the Darling Downs. The division is also responsible for Darling Downs Health Alcohol and Other Drugs Service and Aboriginal and Torres Strait Islander Mental Health, Alcohol and Other Drugs Service.

Rural Health Services

This division operates 15 hospitals, three multipurpose health services (MPHSs), one community outpatient clinic and six residential aged care facilities (RACFs), noting that one of the RACFs is located in Toowoomba. The division is managed via a cluster model with three geographic clusters (Southern, Western and South Burnett).

Professional and support divisions

Medical Services

This division provides professional leadership for medical staff and services across Darling Downs Health and has responsibility for the medical workforce, medical education, human research and ethics, clinical governance and pastoral care.

Queensland Rural Medical Service

This division provides state-wide services and strategic leadership for rural and remote medical services through Queensland Country Practice (QCP) and the Queensland Rural Generalist Program (QRGP).
Other services include:

- the provision of vocational training pathways (Basic and Advanced General Adult Medicine, Basic and Advanced Paediatrics, and Intensive Care Medicine)
- health practitioner relieving services
- junior doctor rural and general practice rotations
- senior doctor relieving services
- medical education and training program.

Allied Health

This division provides professional and operational leadership for allied health professionals and services across Darling Downs Health, including workforce planning and development, clinical education, research and standards. This division also includes the Darling Downs Health Research Unit, the Allied Health Education and Training Team, Aged Care Assessment Team, Community Care Services and BreastScreen Queensland Toowoomba Service.

Nursing and Midwifery Services

This division provides professional leadership for nursing and midwifery services, including workforce planning, standards and education and training across Darling Downs Health. Community health services including oral health and public medicine and the Public Health Unit are also operationally aligned to this division.

Finance

This division supports the health service in ensuring resources are balanced, sustainable and efficient. Finance provides health service support functions comprising financial control, activity and costing services, management accounting and business management, commercial management and health information services which are designed to optimise quality healthcare through compliant and efficient business processes.

Infrastructure

This division supports the organisation to plan for and deliver key capital infrastructure projects, infrastructure refurbishment projects, and routine maintenance and engineering programs across the health service. The division contributes to meeting a number of the health service's strategic objectives, including that of optimising Darling Downs Health asset use. This division is the largest of the Darling Downs Health support divisions and operates with four departments or support-service portfolios:

- Information and Communications Technology
- Projects, Planning and Property
- Maintenance and Engineering
- Facility Services.

Legal and Governance

Legal and Governance supports Darling Downs Health through the provision of legal and corporate governance advice and support.

The division has been in operation since April 2019 and has assisted the organisation to increase its focus on good governance and assurance systems and processes.

The following key areas are managed within the Legal and Governance Division:

- board support
- legal services
- compliance management
- risk management
- internal Audit
- policy
- corporate correspondence.

Workforce

This division supports the health service to deliver on the key objective of developing and engaging a dedicated trained workforce. Workforce is responsible for supporting staff in:

- embedding a values-based culture
- planning, recruiting and retaining an appropriately skilled workforce
- developing, educating and training the workforce
- engaging employees to improve the service
- promoting employee health and wellbeing.

Office of the Chief Executive

The Office of the Chief Executive supports the health service in the development of strategy and planning, media and communication, Indigenous health and clinical governance.

Strategic workforce planning and performance

Workforce strategies

Our workforce strategic planning aligns with Queensland *Health's Advancing health service delivery through workforce: A strategy for Queensland 2017–2026*. This year the emphasis was on supporting leadership development and raising awareness about the accountability all employees share for leadership across the organisation. The Darling Downs Health Leadership Capability Framework released in July 2019 forms the foundation for this work and has been designed to embed leadership at all levels of the organisation. The primary focus in 2019-20 was on the 'Leads Self' level of the Framework, which applies equally to all employees regardless of their level. The program includes a self-assessment and a suite of programs to develop leadership capabilities. COVID-19 delayed the face-to-face delivery of the program in the last quarter of financial year 2020 however the development of alternative delivery modes (virtual and online) for leadership education has ensured the program will continued in 2019-20. Other workforce planning and performance strategies in 2019-20 included:

- contemporary attraction strategies and selection techniques using the Right Fit recruitment process
- safe workplace programs including the Safety Reliability Improvement program
- diversity and inclusion community of practice with participation in the Domestic and Family Violence Action group and Making Tracks committees.

Workforce strategies and COVID-19

With COVID-19 disrupting workforce programs from March 2020, our workforce team quickly adapted their skills to develop plans and reports to support the COVID-19 response including:

- agile recruitment activities
- industrial relations advice
- development of self-care and wellbeing kits
- rapid activation of a dedicated deployment team to support the movement and placement of staff.

Units across the organisation quickly adopted flexible working arrangements using virtual technologies to support safe ways of working, and many of these practices will endure as new ways to do business in the future.

Contribution to COVID-19 pandemic response

Employees across the health service contributed to the COVID-19 pandemic response in a range of different ways, including:

- performing different work in different units to adapt and respond to changing needs
- responding to requests from the State Health Emergency Coordination Centre for assistance, including the deployment of six nurses and eight assistants in nursing to Rockhampton for 16 days (including travel).

Integrating health and education in our medical workforce

Prevocational Medical Accreditation Queensland (PMAQ) administers an impartial system of accreditation to support quality prevocational education and training and the provision of safe patient care. In 2019-20 PMAQ found Darling Downs Health Intern Training Program to be an exceptional, mature and highly responsive program meeting the needs of both interns and supervisors or clinical leads. PMAQ commended staff involved in the program for their holistic approach to intern development, including a range of targeted opportunities for clinical, professional, and personal development. It was noted the Medical Education Unit adds significant value to the organisation and demonstrates commitment to supporting a culture of education with interns by providing ready access to supervisors and professional support (as required) from other disciplines.

Rural workforce planning

The Darling Downs Health rural workforce plan aligns our rural workforce strategies to our health service strategic plan and values. Key focus areas in 2019-20 included:

- implementing plans to address staff shortages in rural areas including attraction and retention of our workforce as well as succession planning pathways to build capability and address skill gaps
- ensuring we have a qualified and capable workforce through identification and implementation of relevant and appropriate training opportunities.

Southern Queensland Rural Health student partnership

Southern Queensland Rural Health, in partnership with Darling Downs Health, continued the development of student resourced services in 2019-20. Investing in locally placed students strengthens our future workforce opportunities and allows students in physiotherapy, exercise physiology, dietetics, psychology, social work and nursing to provide health and wellness services under supervision. Students are provided with a unique education opportunity, while learning how to manage complex conditions and complete comprehensive assessments and care plans. The service uses a multidisciplinary approach to provide interprofessional learning experiences.

Queensland Rural Medical Service (QRMS)

The division is responsible for providing medical training pathways, including rural generalist, basic and advanced general adult medicine, basic and advanced paediatrics, and intensive care medicine pathways. The key strategy for meeting regional and rural medical workforce needs is to increase interest in and training in these priority workforce areas. Of specific focus has been implementation and the transition to the national rural generalist three-year basic physician training by the Royal Australasian College of Physicians. This year has seen the extension of the rural medical workforce supply strategy through immersion programs for interns and junior doctors under the Commonwealth funded Rural Junior Doctor Innovation Fund Program. In addition to training the next generation of doctors, these relief services continue to augment the rural workforce by engaging and supplying relievers for medical, allied health and BreastScreen practitioners who need to take leave from their roles in rural communities.

Mental health graduate nurse program

The Mental Health Graduate Nurse Program had 10 participants this year, an increase from six in 2019. This year's participants began their 12-month program on 6 April 2020. During the program, participants are rotated through various components of the mental health service to give them maximum exposure to the different clinical areas. If they express a particular interest in a specific area, this is accommodated in their rotation. The graduate year allows them to be exposed to different experiences within the mental health sphere and they are offered additional support to ensure their mental health placement is successful. It is an ideal opportunity for the graduate to immerse themselves in a variety of clinical experiences and in past years, a significant number of graduates go on to seek employment within our health service, or continue within mental health nursing in other services.

Early retirement, redundancy and retrenchment

During the 2019-20 period, one employee received a redundancy package at a total cost of $257,977.39 (including accrued leave entitlements). No retrenchments were made during 2019-20.

Our risk management

Darling Downs Health is committed to effectively managing risk in alignment with best practice and a thorough assessment of risk priorities balanced against the costs and benefits of action or inaction. The Darling Downs Health Risk Management Framework uses an integrated risk management approach to describe how risks are identified, managed and monitored within the health service. A fully integrated compliance management framework provides assurance to the Board and Executive that the organisation is meeting its various legislative and regulatory obligations. Risk management and compliance management reports are submitted to the Audit and Risk Committees of both the Board and Executive.

In April 2020 Darling Downs Health developed a COVID-19 risk register to provide a comprehensive documented list of identified risks and treatments for responding to COVID-19.

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to the health service during the financial year and actions taken as a result of the direction. During the 2019-20 period no written directions were given by the Minister to Darling Downs Health.

Internal audit

Darling Downs Health's internal audit function operates under a Board-approved charter in accordance with the requirements of the *Financial and Performance Management Standard 2019*. The Internal Audit Charter gives due regard to Queensland Treasury's Audit Committee Guidelines and the Institute of Internal Auditors' International Professional Practices Framework. Internal audit work is carried out using a model of contracted auditors that are engaged through a transparent procurement process. Internal audit work is independent of, but collaborative with, the external financial audit. The role of internal audit is to conduct independent assessment and evaluation of the effectiveness and efficiency of organisational systems, processes and controls, thereby providing assurance and value to the Board and executive. Internal audit works in accordance with annual and strategic audit plans that are endorsed by management and approved by the Board. The plans are developed using a risk-based approach that considers both strategic and operational risks. The 2019-20 Internal Audit plan included nine audits covering topics such as corporate governance, workplace health and safety, facility services, Indigenous health care, helicopter landing sites, time and attendance. The internal audit strategy included a program of light audits of the smaller rural facilities with a view to providing greater audit coverage as well as service-wide consistency of processes. The implementation of recommendations arising from audits is monitored and reported to the Audit and Risk Committees of both the Board and the Executive.

External scrutiny, information systems and recordkeeping

Darling Downs Health operations are subject to regular scrutiny from external state oversight bodies such as the Auditor-General, the Office of the Health Ombudsman, the Queensland Coroner, Queensland Audit Office and Crime and Corruption Commission.

Coronial findings

There were no recommendations for Darling Downs Health from inquests held during 2019-20.

Queensland Audit Office

Whilst not specific to Darling Downs Health, key findings from the Queensland Audit Office Report, Managing Cyber Security Risks have been considered by our executive and Board. Darling Downs Health did not have any other audit reports by external agencies in 2019-20 to respond to.

Information systems and recordkeeping

Darling Downs Health continues towards being a digital healthcare provider with a focus on improving patient safety and journeys. The Chief Financial Officer is responsible for Health Information Services and the Executive Director Legal and Governance is responsible for the governance of corporate non-clinical records. All Darling Downs Health Staff have access to training regarding the making and keeping of public records through orientation, local induction and the Information Services Team.

Darling Downs Health complies with the Health Sector (Clinical Records) Retention and Disposal Schedule (QDAN 683 v.1) and the General Retention and Disposal Schedule (QDAN 249 v.7). This compliance ensures that all public records within Darling Downs Health are kept for as long as they are required. Achievements in 2019-20 have included:

- updating the financial management system to the centrally supported S/4HANA system and retiring the previous FAMMIS system which no longer met the needs of health services
- foundation project work for the transition to digital record keeping through the new integrated electronic Medical Record (ieMR)
- strengthening of cybersecurity protocols and implementation of a health service wide policy
- expansion of governance regarding the capture, identification and management of physical and digital corporate records
- review of the Governance Documentation Framework.

Queensland Public Service ethics

Darling Downs Health expects the highest level of conduct from its staff at all times and, as a public service agency, the Code of Conduct for the Queensland Public Service under the *Public Sector Ethics Act 1994* is applicable to all employees of the health service. Staff of Darling Downs Health are expected to act in accordance with the principles of the Code of Conduct and report any actions which do not meet this expected level. In this regard, staff have a responsibility to disclose any suspected wrongdoing and to ensure any disclosure is in accordance with the ethics expected within the organisation. Staff are supported in the making of public interest disclosures. To support staff in their understanding of the expectations of the organisation, mandatory training packages are available on the Darling Downs Learning On-Line training portal. Ethics, integrity and accountability, and fraud awareness training packages must be completed on an annual and biennial basis.

Human rights

Darling Downs Health welcomed the commencement of the *Human Rights Act 2019* (the Act) on 1 January 2020. Several key activities were undertaken in preparation for commencement of the Act and additional post-implementation activities have started or are currently in a planning phase.

The Act was promoted to all staff within Darling Downs Health, and supporting documentation provided to managers to assist them in understanding their obligation to consider human rights in decision-making processes. Training sessions for key staff were postponed as a result of Darling Downs Health's response to COVID-19.

A large body of work was undertaken to review all Darling Downs Health policies and procedures for compatibility with the Act, and most of these documents were deemed compatible. Documents identified as limiting human rights were further considered to identify the reasonableness of such limitations, and amendments made to documents as necessary. Additions to the process for approval of new and reviewed internal documents were implemented to ensure the consideration of human rights in the development and approval of guiding documents within Darling Downs Health.

Further, in preparation for the commencement of the Act, Darling Downs Health corresponded with more than 200 organisations who may be considered as functional public entities under the Act, regarding their obligations as outlined in the Act. Correspondence included information to assist these organisations in understanding their obligations and accessing available supports. Darling Downs Health will consider compliance with the Act as part of any service agreement or funding agreement with any functional public entity and terms of this nature are prescribed in relevant contracts.

In preparing the Darling Downs Health Strategic Plan 2020-2024 we included the following statement acknowledging the Act alongside our vision, purpose and values with the statement:

We will respect, protect and promote human rights in our decision-making and actions as per the *Human Rights Act 2019*.

Darling Downs Health received four human rights complaints until 30 June 2020, which resulted in no further action.

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 chief executive did not authorise the disclosure of confidential information during the reporting period.

Performance

Darling Downs Health significantly refocused its services in the second half of the 2019-20 financial year due to the impact of the COVID-19 pandemic response and recovery. Well-developed plans and processes are now in place for Darling Downs Health to expand capacity and readiness as required including:

- the ability to quadruple intensive care capacity
- effectively more than double the emergency department capacity at Toowoomba Hospital
- the establishment of fever clinics at the Baillie Henderson Hospital, Warwick Hospital and Kingaroy Hospital
- infection control guidelines localised and implemented including training and testing of PPE
- purchase of 36 powered air purifying respirators to ensure maximum protection for staff delivering high risk procedures
- 38 virtual telehealth clinics established to reduce the need for face to face outpatient appointments
- rapid response plan in place articulating roles for all responders in the event of a positive case or cases being detected at an aged care facility, school or Aboriginal and Torres Strait Islander community
- 20 additional staff trained in contact tracing including an Aboriginal Health Worker Indigenous Liaison Officer
- checkpoint screening established at entry to Cherbourg Aboriginal Community to meet biosecurity requirements
- staff training provided to enable staff to be deployed to emergency departments, fever clinics, acute medical units and ICU to increase capacity in these areas
- staffing pipeline established for a rapid response deployment either within the health service or outside the health service
- telephone hotline set up to support staff and community welfare during the pandemic
- development of a self-care and wellbeing kit for staff to use during COVID-19 pandemic, containing some useful tools to build and maintain physical, mental, and emotional strength and resilience.

In the pandemic period (March to June 2020) there were significant costs associated with implementing the response activities listed above, while simultaneously there was a reduction in activity due to decreased elective activity and emergency presentations. The net impact of increased costs and decreased activity resulted in an increased average cost per case when compared to previous years.

Darling Downs Health Strategic Plan's Measures of Success

The Darling Downs Health Strategic Plan 2016-2020 includes measures of success for identifying our progress against each of the strategic plan objectives (see page 9). Performance against some of these measures are included in our 'statement on government objectives for the community' (pages 5 and 6) and financial summary (page 44). Performance on specific measures not included in these sections are listed below:

1. 88 per cent of staff completed Speaking Up for Safety Training to improve the delivery of quality evidence-based healthcare. This was three per cent above our target of 85 per cent.

2. Completed almost 500 health pathways in collaboration with the Darling Downs West Moreton Primary Health Network to ensure we provide integrated, patient centred care.
3. Formation of the Darling Downs Health Innovation and Research Collaborative (DDHIRC) with the region's two private hospitals and the Darling Downs and West Moreton Primary Health Network, the region's University Department of Rural Health and the three universities operating in the regions (University of Southern Queensland, Griffith University and The University of Queensland). In 2019-20 DDHIRC successfully ran a series of research educational workshops, lodged joint applications for research funding grants and held a second research showcase.
4. Published the Darling Downs Health Community Sustainability Strategy articulating how we will reduce environmental impacts of the organisation and ensure the health system is better equipped to support the community into the future.
5. Achieved the targeted level of staff engagement from a culture of reaction (2017 staff survey) to culture of engagement (2019 staff survey).
6. 69 managers participated in our management development program in 2019-20 with 35 completing all 11 sessions (our target for 2019-20 was 80 managers). COVID-19 impacted completion rates with sessions placed on hold and cancelled. The program will be offered in 2020-21 using the Microsoft Teams platform to enable larger groups to be enrolled in 2020-21.
7. Increased diversity in the workforce with:
    a. 7.7 per cent of our work force are from a non-English speaking background, exceeding the diversity target of five per cent.
    b. 2.5 per cent of our work force are Aboriginal and Torres Strait Islander peoples. The health service is making progress towards the Aboriginal and Torres Strait Islander peoples target of three per cent by 2022.
    c. 63.6 per cent of senior officer positions are held by women exceeding the gender equity target of 50 per cent to be achieved by 2022.
    d. two per cent of our staff have a disability with more work to do to achieve the target of three per cent by 2022.

Service standards

Darling Downs Health delivers services in accordance with its obligations outlined in the Service Agreement with the Department of Health and the Service Delivery Statement (SDS). The Service Agreement identifies the health services provided by Darling Downs Health and the funding arrangements, performance indicators and targets to ensure the achievement of outcomes.

Table 1: Service Standards – Performance 2019-20

Service Standards	Target	Actual
Percentage of patients attending emergency departments seen within recommended timeframes:[a]		
Category 1 (within 2 minutes)	100%	97.5%
Category 2 (within 10 minutes)	80%	83.9%
Category 3 (within 30 minutes)	75%	77%
Category 4 (within 60 minutes)	70%	88.3%
Category 5 (within 120 minutes)	70%	97.8%

Percentage of emergency department attendances who depart within four hours of their arrival in the department	›80%	85.5%
Percentage of elective surgery patients treated within clinically recommended times:[b]		
Category 1 (30 days)	›98%	99%[1]
Category 2 (90 days)	›95%	89.4%
Category 3 (365 days)	›95%	92.9%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infection / 10,000 acute public hospital patients days	‹2	0.3[2]
Rate of community follow-up within one to seven days following discharge from an acute psychiatric care	›65%	64.1%
Proportion of readmissions to an Acute Mental Health inpatient unit within 28 days of discharge	‹12	13.1%[3]
Percentage of specialist outpatients waiting within clinically recommended times:		
Category 1 (30 days)	98%	100%[1]
Category 2 (90 days)	95%	85.7%
Category 3 (365 days)	95%	91.1%
Percentage of specialist outpatients seen within clinically recommended times:		
Category 1 (30 days)	98%	91.7%[1]
Category 2 (90 days)	95%	78.5%
Category 3 (365 days)	95%	96.3%
Median wait time for treatment in emergency department (minutes)	..	10
Median wait time for elective surgery (days)	..	42
Phase Q22 average cost per weighted activity unit for Activity Based Funding facilities	$4,355	$5,033[4]
Number of elective surgery patients treated within clinically recommended times – referrals treated:		
Category 1 (30 days)	2,168	2,027[1]
Category 2 (90 days)	2,651	2,134
Category 3 (365 days)	1,924	1,341
Number of Telehealth outpatient occasions of service events	11,593	12,773
Total weighted activity units (WAUs) – SDS hierarchy:		
Acute inpatient	62,695	58,964[5]
Outpatients	12,696	12,374
Sub-acute	7,019	7,080
Emergency department	18,889	19,470

[1] Non urgent elective surgery and specialist outpatient services were temporarily suspended as part of CIV-19 preparation. seen in time performance and service volumes were impacted as a result.

[2] The Epidemiology and Research Unit in the communicable Disease s Branch are unable to provide full year SAB data as resources are redirected to the COVID-19 response. SAB data presented as March-20 FYTD and is preliminary.

[3] Readmission to acute Mental Health inpatient unit data presented as May-20 FYTD.

[4] Cost per WAU data presented as March-20 FYTD.

[5] Delivery of activity and weighted activity units was impacted by two significant factors in 2019-20; the introduction of a revised Australian Coding Standard "0002 Additional diagnoses" from 1 July 2019, resulted in lower weighted activity units being calculated for admitted patients relative to the same casemix of 2018-19 year and COVID-19 preparation and the temporary suspension of non urgent planned care services reduced the volume of patient activity. Activity data presented is preliminary. Data presented is full year as at 17 August 2020.

Mental health	10,219	13,441
Prevention and primary care	2,286	2,744
Ambulatory mental health service contact duration (hours) [d]	›72,612	74,082
Staffing [i]	4,713	4,778

Source: [a] Emergency Data Collection, [b] Elective Surgery Data Collection, [c] Communicable Disease Unit, [d] Mental Health Branch, [e] Specialist Outpatient Data Collection, [f] DSS Finance, [g] GenWAU, [h] Monthly Activity Collection, [i] DSS Employee Analysis. Note: Targets presented are full year targets as published in 2019-20 Service Delivery Statements.

Our performance in 2019-20 summarised in Table 1 above includes the following highlights and challenges:

- Our health service met the emergency department seen in time targets for all categories except Category 1. For this group of patients we were 2.5 per cent below the target of 100 per cent
- We were 5.5 per cent above the target for patients departing the emergency department within four hours of arrival (target is greater than 80 per cent)
- We exceeded the target by one per cent for elective surgery patients treated in time for Category 1 but were below target for Category 2 by six per cent and two per cent for Category 3, due to the impact of the COVID-19 response.
- Our rate of healthcare associated bloodstream infection rate of 0.3 was well below the target rate of less than two infections per 10,000 hospital patient days
- The percentage of patients discharged from acute psychiatric care receiving community follow up within seven days was two per cent short of the target of greater than 65 per cent
- Our rate of readmission to our acute mental health inpatient unit within 28 days exceeded the target of less than 12 per cent by 0.8 per cent
- We exceeded the target by two per cent for patients seen within the clinically recommended time for specialist outpatients for Category 3 but were below target by 14 per cent for Category 2 and seven per cent for Category 1, due to the impact of the COVID-19 response.

Financial summary

Darling Downs Health reported a deficit of $8.7 million in 2019-20 compared to a surplus in 2018-19, noting the National Partnership Agreement contribution to support healthcare COVID-19 did not over all costs including loss of revenue (see the Financial Statement for financial impacts from COVID-19 pandemic).

Revenue and expenses	FY ending 30 Jun 2020 $(000)	FY ending 30 Jun 2019 $(000)
Revenue	883,602	822,679
Expenses		
Labour and employment	616,672	562,295
Non-labour	240,239	228,161
Depreciation and amortisation	35,370	29,837
Total expenses	892,281	820,293
Net surplus or deficit from operations	(8,679)	2,386

Financial outlook

In 2020-21 Darling Downs Health will have a budget of $888 million, which is an increase of $41 million or five per cent from the published 2019-20 operating budget of $847 million.

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. Anticipated maintenance items are identified through the completion of triennial condition assessments, and the value and quantum of anticipated maintenance will fluctuate in accordance with the assessment programs and completed maintenance works.

As of 3 June 2020, Darling Downs Health had reported total anticipated maintenance of $162.4 million. Darling Downs Health is currently completing a condition assessment program for its major facilities, and the value of anticipated maintenance may vary as a result. Darling Downs Health has the following strategies in place to mitigate any risks associated with these items:

- seek assistance from Priority Capital Program
- engage with the Department of Health around adequate levels of funding for repairs and maintenance (annual negotiations through Service Agreement and periodical negotiations or funding requests to address maintenance events directly relating to health and safety of staff and patients or directly impacting on continuity of health care services delivery).

Darling Downs Hospital and Health Service

ABN 64 109 516 141

Financial Statements - 30 June 2020

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Financial Statements
for the year ended 30 June 2020

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General information

The Darling Downs Hospital and Health Service (Darling Downs Health) is a Queensland Government statutory body established under the *Hospital and Health Boards Act 2011* and its registered trading name is Darling Downs Hospital and Health Service.

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

The principal address of the Darling Downs Hospital and Health Service is:

Jofre
Baillie Henderson Hospital
Cnr Hogg & Tor Streets
Toowoomba QLD 4350

A description of the nature of the operations of Darling Downs Health and its principal activities is included in the notes to the financial statements.

For information in relation to the financial statements of Darling Downs Health, email DDHHS@health.qld.gov.au or visit the Darling Downs Health website at http://www.health.qld.gov.au/darlingdowns/default.asp

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
OPERATING RESULT			
Income from continuing operations			
Funding for public health services	5	770,599	712,939
User charges and fees	6	64,061	57,035
Grants and other contributions	7	45,197	48,189
Interest		377	494
Other revenue		3,048	3,969
Total revenue		**883,282**	**822,626**
Gains on disposal		320	53
Total income from continuing operations		**883,602**	**822,679**
Expenses from continuing operations			
Employee expenses	8	86,535	80,259
Health service employee expenses	9	530,137	482,036
Supplies and services	10	231,821	218,715
Grants and subsidies		2,949	3,375
Depreciation and amortisation	16 & 17	35,370	29,837
Impairment losses		1,166	787
Loss on revaluation of non-current assets	16	369	866
Finance/ borrowing costs		53	-
Other expenses		3,881	4,418
Total expenses from continuing operations		**892,281**	**820,293**
Operating result from continuing operations		**(8,679)**	**2,386**
OTHER COMPREHENSIVE INCOME			
Items not reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	16	4,603	14,181
Total items not reclassified to operating result		**4,603**	**14,181**
Total other comprehensive income		**4,603**	**14,181**
TOTAL COMPREHENSIVE INCOME		**(4,076)**	**16,567**

The accompanying notes form part of these financial statements

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Statement of Financial Position
as at 30 June 2020

	Notes	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	12	56,002	64,381
Receivables	13	6,775	9,010
Inventories	14	7,289	6,627
Other current assets	15	7,128	1,067
Total current assets		**77,194**	**81,085**
Non-current assets			
Property, plant and equipment	16	438,627	409,195
Right-of-use assets	17	2,896	-
Other non-current assets		-	14
Total non-current assets		**441,523**	**409,209**
Total assets		**518,717**	**490,294**
Current liabilities			
Payables	18	54,396	44,327
Lease Liabilities	17	1,020	-
Accrued employee benefits		4,058	3,404
Unearned revenue	19	5,560	563
Total current liabilities		**65,034**	**48,294**
Non-current liabilities			
Lease Liabilities	17	1,776	-
Total non-current liabilities		**1,776**	**-**
Total liabilities		**66,810**	**48,294**
Net assets		**451,907**	**442,000**
Equity			
Contributed equity	20	277,434	263,451
Accumulated surplus/(deficit)		53,427	62,106
Asset revaluation surplus	21	121,046	116,443
Total equity		**451,907**	**442,000**

The accompanying notes form part of these financial statements

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	*Contributed Equity $'000*	*Accumulated Surplus/ (Deficit) $'000*	*Asset Revaluation Surplus $'000*	*Total Equity $'000*
Balance as at 1 July 2018		**280,253**	**59,720**	**102,262**	**442,235**
Operating result from continuing operations		-	2,386	-	2,386
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	-	14,181	14,181
Total comprehensive income for the year		**-**	**2,386**	**14,181**	**16,567**
Transactions with owners as owners					
Net assets received / (transferred) during year		104	-	-	104
Non appropriated equity injections (Inc capital works)		12,931	-	-	12,931
Non appropriated equity withdrawals (depreciation funding)		(29,837)	-	-	(29,837)
Total transactions with owners as owners		**(16,802)**	**-**	**-**	**(16,802)**
Balance as at 30 June 2019		**263,451**	**62,106**	**116,443**	**442,000**
Balance as at 1 July 2019		**263,451**	**62,106**	**116,443**	**442,000**
Operating result from continuing operations		-	(8,679)	-	(8,679)
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	16	-	-	4,603	4,603
Total comprehensive income for the year		**-**	**(8,679)**	**4,603**	**(4,076)**
Transactions with owners as owners					
Net assets received / (transferred) during year		(51)	-	-	(51)
Non appropriated equity injections (Inc capital works)		49,404	-	-	49,404
Non appropriated equity withdrawals (depreciation funding)		(35,370)	-	-	(35,370)
Total transactions with owners as owners		**13,983**	**-**	**-**	**13,983**
Balance as at 30 June 2020		**277,434**	**53,427**	**121,046**	**451,907**

The accompanying notes form part of these financial statements

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Inflows:			
Funding for public health services		732,754	683,125
User charges and fees		67,901	57,361
Grants and other contributions		36,800	40,012
Interest receipts		377	494
GST input tax credits from ATO		15,499	12,518
GST collected from customers		819	674
Other		3,049	3,969
Total cash provided by operating activities		**857,199**	**798,153**
Outflows:			
Employee expenses		85,962	79,559
Health service employee expenses		524,993	480,264
Supplies and services		219,628	202,952
Grants and subsidies		2,774	3,375
Finance/ borrowing costs		53	-
GST paid to suppliers		16,544	12,332
GST remitted to ATO		756	613
Other		3,723	4,193
Total cash used in operating activities		**854,433**	**783,288**
Net cash provided by / (used in) operating activities [1]		**2,766**	**14,865**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		464	86
Total cash provided by investing activities		**464**	**86**
Outflows:			
Payments for property, plant and equipment		59,717	24,099
Total cash used in investing activities		**59,717**	**24,099**
Net cash provided by / (used in) investing activities		**(59,253)**	**(24,013)**
Cash flows from financing activities			
Inflows:			
Proceeds from equity injections		49,404	12,931
Total cash provided by financing activities		**49,404**	**12,931**
Outflows:			
Lease payments		1,296	-
Total cash used in financing activities [2]		**1,296**	**-**
Net cash provided by / (used in) financing activities		**48,108**	**12,931**
Net increase (decrease) in cash and cash equivalents		**(8,379)**	**3,783**
Cash and cash equivalents at beginning of financial year		64,381	60,598
Cash and cash equivalents at end of financial year	12	**56,002**	**64,381**

[1] Refer to the reconciliation of operating result to net cash provided by / (used in) operating activities in the *Notes to the Statement of Cash Flows*

[2] Refer to the changes in liabilities arising from financing activities in the *Notes to the Statement of Cash Flows* .

The accompanying notes form part of these financial statements

(a) Reconciliation of operating result to net cash provided by / (used in) operating activities

	2020	2019
	$'000	$'000
Operating result from continuing operations	(8,679)	2,386
Non-cash items included in operating result		
Depreciation and amortisation	35,370	29,837
Depreciation grant funding	(35,370)	(29,837)
Net loss on revaluation of non-current assets	369	866
Net (gain)/loss on disposal of non-current assets	(161)	173
Assets donated revenue	(10)	(155)
Change in assets and liabilities		
(Increase)/decrease in trade receivables	356	(809)
(Increase)/decrease in GST input tax credits receivable	(1,046)	186
(Increase)/decrease in other receivables	2,862	4,918
(Increase)/decrease in inventories	(662)	(162)
(Increase)/decrease in contract assets	(5,887)	-
(Increase)/decrease in other current assets	(160)	(33)
Increase/(decrease) in trade payables	6,796	1,184
Increase/(decrease) in accrued employee benefits	654	700
Increase/(decrease) in other payables	3,274	5,211
Increase/(decrease) in GST input tax credits payable	63	60
Increase/(decrease) in contract liabilities and unearned revenue	4,997	340
Net cash provided by / (used in) operating activities	**2,766**	**14,865**

(b) Changes in liabilities arising from financing activities

	2020	2019
	$'000	$'000
Opening balance	3,784	-
New leases acquired	278	-
Other	30	-
Cash repayments	(1,296)	-
Closing Balance	**2,796**	**-**

DARLING DOWNS HOSPITAL AND HEALTH SERVICE
Notes to the Financial Statements
for the year ended 30 June 2020

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1. Objectives and principal activities of the Darling Downs Hospital and Health Service

Darling Downs Hospital and Health Service (Darling Downs Health) is an independent statutory body, overseen by a local Hospital and Health Board. Darling Downs Health provides public hospital and healthcare services as defined in the service agreement with the Department of Health (DoH).

Details of the services undertaken by Darling Downs Health are included in the Annual Report.

2. Basis of financial statement preparation

(a) Statement of compliance

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

Darling Downs Health 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.

The financial statements are authorised for issue by the Chair of the Board and the Chief Finance Officer at the date of signing the Management Certificate.

(b) Presentation matters

Presentation matters relevant to the financial statements include the following:

- Except where stated, the historical cost convention is used;
- Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required;
- Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period; and
- 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 when Darling Downs Health 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.

(c) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant. Reference should be made to the respective notes for more information.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

- Allowance for impairment of receivables (refer to Note 13(b));
- Revaluation of non-current assets (refer to Note 16(d));
- Estimation of useful lives of assets (refer to Note 16(e)); and
- Fair value and hierarchy of financial instruments (refer to Note 22).

(d) Taxation

Darling Downs Health is exempt from Commonwealth taxation with the exception of Fringe Benefit Tax (FBT) and Goods and Services Tax (GST). All FBT and GST reporting to the Commonwealth is managed centrally by DoH, with payments/receipts made on behalf of Darling Downs Health reimbursed to/from DoH on a monthly basis. GST credits receivable from, and GST payable to, the Australian Tax Office (ATO) are recognised on this basis.

Darling Downs Health, other Hospital and Health Services (HHSs) and DoH satisfy section 149-25(e) of the *A New Tax System (Goods and Services) Act 1999 (Cth)* (the GST Act). Consequently these entities are part of a group for GST purposes under Division 149 of the GST Act. Any transactions between the members of the "group" do not attract GST.

3. New and revised accounting standards

Darling Downs Health did not voluntarily change any of its accounting policies during the year. In addition, no Australian Accounting Standards have been early adopted in the current period.

Three new accounting standards with material impact were applied for the first time in 2019-20:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*

The effect of adopting these new standards is detailed in Notes 5, 6, 7, 13, 15, 17, and 19. No other accounting standards or interpretations that apply to Darling Downs Health for the first time in 2019-20 have any material effect on the financial statements.

(a) *AASB 15 Revenue from Contracts with Customers*

Darling Downs Health applied AASB 15 *Revenue from Contracts with Customers* for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 15 are described below.

i) New revenue recognition model

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model and significant judgments at each step are detailed below.

Step 1 - Identify the contract with the customer	Grant funding that Darling Downs Health receives may contain a contract with a customer and thus fall within the scope of AASB 15. This is the case where the funding agreement requires Darling Downs Health to transfer goods or services to third parties on behalf of the grantor, it is enforceable, and it contains sufficiently specific performance obligations.
Step 2 - Identify the performance obligations in the contract	This step involves firstly identifying all the activities Darling Downs Health is required to perform under the contract, and determining which activities transfer goods or services to the customer. Where there are multiple goods or services transferred, Darling Downs Health must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation. To be within the scope of AASB 15, the performance obligations must be ‘sufficiently specific’, such that Darling Downs Health is able to measure how far along it is in meeting the performance obligations.
Step 3 – Determine the transaction price	When the consideration in the contract includes a variable amount, Darling Downs Health needs to estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probable a significant reversal of the revenue will not occur. This includes sales with a right of return, where the amount expected to be refunded is estimated and recognised as a refund liability instead of revenue.
Step 4 – Allocate the transaction price to the performance obligations	When there is more than one performance obligation in a contract, the transaction price must be allocated to each performance obligation, generally this needs to be done on a relative stand-alone selling price basis.
Step 5 – Recognise revenue when or as the performance obligations are satisfied	Revenue is recognised when Darling Downs Health transfers control of the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time. And where it is satisfied over time, Darling Downs Health must also develop a method for measuring progress towards satisfying the obligation.

3. New and revised accounting standards (continued)

(a) *AASB 15 Revenue from Contracts with Customers* (continued)

ii) Other changes arising from AASB 15

The standard requires contract assets (accrued revenue) and contract liabilities (unearned revenue) to be shown separately and requires contract assets to be distinguished from receivables.

There are extensive new disclosures, which have been included in Notes 5, 6, 7, 13, 15, and 19.

iii) Transitional impact

Transitional policies adopted are as follows:

- Darling Downs Health applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 118 *Revenue*, AASB 111 *Construction Contracts*, and related interpretations;
- Darling Downs Health elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where Darling Downs Health had recognised all of the revenue in prior periods under AASB 1004 Contributions;
- Darling Downs Health applied a practical expedient to reflect, on transition, the aggregate effect of all contract modification that occurred before 1 July 2019.

Funding for public health services and User charges and fees

To align with new terminology in AASB 15, accrued revenue and unearned revenue arising from contracts with customers have been renamed as 'contract assets' and 'contract liabilities' respectively. They are separately disclosed in Note 15 and Note 19.

Funding for public health services is comprised of activity based funding (ABF), block funding and other system manager funding.

Activity based funding is provided for specific health services purchased by DoH from Darling Downs Health in accordance with a service agreement between the parties. Revenue is recognised as the agreed services are provided. This has not changed under AASB 15.

Block funding is generally provided for smaller rural hospitals where activity based funding is not appropriate. There is no specifically measurable performance obligations and revenue is recognised as it is received. This has not changed under AASB 15.

Other system manager funding is comprised of programs that have specifically measurable performance obligations and programs without specifically measurable performance obligations. Where specifically measurable performance obligations are identified revenue is recognised as obligations are satisfied. Where no specifically measurable performance obligations are identified revenue is recognised as it is received. This has not changed under AASB 15.

User charges and fees primarily comprise hospital fees, reimbursement of pharmaceutical benefits, and sales of goods and services. Revenue is recognised as performance obligations are satisfied. This has not changed under AASB 15.

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 15. The net impact is recognised as an adjustment to opening accumulated surplus.

Transitional adjustments on adoption of AASB 15:	Increase/ (Decrease) *$'000*
Receivable - Accrued revenue	(2,870)
Other current assets - Contract assets	3,676
Other current assets - Other	121
Other current liabilities - Contract liabilities	4,932
Other current liabilities - Unearned revenue	(558)
Payables - Refund liability	(3,448)
Accumulated surplus	-

(b) *AASB 1058 Income of not-for-profit entities*

Darling Downs Health applied AASB 1058 *Income of Not-for-Profit Entities* for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 1058 are described below.

3. New and revised accounting standards (continued)

(b) AASB 1058 Income of not-for-profit entities (continued)

i) Scope and revenue recognition under AASB 1058

AASB 1058 applies to transactions where Darling Downs Health acquires an asset for significantly less than fair value principally to enable Darling Downs Health to further its objective.

Darling Downs Health's revenue line items recognised under this standard from 1 July 2019 include some grants and contributions and some other revenue.

General revenue recognition framework

The general revenue recognition framework for in scope transactions, other than specific-purpose capital grants, is as follows:

1. Recognise the asset – e.g. cash, receivables, property plant and equipment (PP&E), a right-of-use asset or an intangible asset;
2. Recognise related amounts – e.g. a financial liability, a lease liability, a contract liability or a provision; (grants and donations in many cases can have nil related amounts);
3. Recognise the difference as income upfront.

Specific purpose capital grants

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where:

- the grant requires Darling Downs Health to use the funds to acquire or construct a recognisable non-financial asset (such as a building) to identified specifications;
- the grant does not require Darling Downs Health to transfer the asset to other parties; and
- the grant agreement is enforceable.

For these capital grants, the funding received is initially deferred as an unearned revenue liability and subsequently recognised as revenue as or when Darling Downs Health satisfies the obligations under the agreement.

Volunteer Services

Under AASB 1058, Darling Downs Health will continue to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of the services can be measured reliably. This treatment is the same as in prior years.

AASB 1058 optionally permits the recognition of a broader range of volunteer services, however Darling Downs Health has elected not to do so.

ii) Transitional impact

Transitional policies adopted are as follows:

- Darling Downs Health applied the modified retrospective transition method and has not restated comparative information for 2018-19. They continue to be reported under relevant standards applicable in 2018-19, such as AASB 1004;
- Darling Downs Health elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts are contracts where Darling Downs Health had recognised all of the revenue in prior periods under AASB 1004;
- Darling Downs Health applied a practical expedient to not remeasure at fair value assets previously acquired for significantly less than fair value and originally recorded at cost.

Revenue recognition for some of Darling Downs Health's grants and contributions will not change under AASB 1058, as compared to AASB 1004. Revenue will continue to be recognised when Darling Downs Health gains control of the asset (e.g. cash or receivable) in most instances.

A number of Darling Downs Health's grants will fall within the scope of AASB 15 *Revenue from Contracts with Customers.* The transitional impacts are disclosed above.

Darling Downs Health had no specific purpose capital grants that qualified for deferral under AASB1058 on transition.

3. New and revised accounting standards (continued)

(b) AASB 1058 Income of not-for-profit entities (continued)

ii) Transitional impact (continued)

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 1058.

Transitional adjustments on adoption of AASB 1058:	Increase/ (Decrease) *$'000*
Other current liabilities - Contract liabilities	(5)
Accumulated surplus	5

Impact of adoption of AASB 15 and AASB 1058 in the current period

The following table shows the impacts of adopting AASB 15 and AASB 1058 on Darling Downs Health's 2019-20 financial statements. It compares the actual amounts reported to amounts that would have been reported if the previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

	As reported	AASB 15 changes	AASB 1058 changes	Previous standards
	$'000	*$'000*	*$'000*	*$'000*
Operating Result for 2019-20				
Funding for public health services	770,599	-	-	770,599
User charges and fees	64,061	-	-	64,061
Grants and other contributions	45,197	-	-	45,197
Other revenue	3,048	-	-	3,048
Operating result for the year	(8,679)	-	-	(8,679)
Total comprehensive income	(4,076)	-	-	(4,076)
Balances as at 30 June 2020				
Assets				
Receivables	6,775	3,512	-	10,287
Other current assets	7,128	(5,887)	-	1,241
Total Assets				
Liabilities				
Payables	54,396	836	-	55,232
Unearned revenue	5,560	(3,211)	-	2,349
Total Liabilities				
Equity				
Accumulated surplus/(deficit)	53,427	-	-	53,427
Total equity/Net assets				

Significant differences in the financial statement line items are described below.

- $2,334K Other current assets (previously Receivable) for revenue under the service level agreement with DoH;
- $912K Other current assets (previously Receivable) for non-capital project recoveries from DoH;
- $686K Other current assets (previously Receivable) for the Specialist training program from various medical colleges;
- $3,001K Unearned revenue (previously Payable) for the Rural Junior Doctor Training Innovation Fund from the Commonwealth Department of Health;
- $210K Unearned revenue (previously Receivable) under the service level agreement with DoH;
- $2,375K Payables (previously Receivable) for revenue returnable under the service level agreement with DoH.

3. New and revised accounting standards (continued)

(c) *AASB 16 Leases*

Darling Downs Health applied AASB 16 *Leases* for the first time in 2019-20. Darling Downs Health applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 117 *Leases* and related interpretations.

The nature and effect of changes resulting from the adoption of AASB 16 are described below.

i) Definition of a lease

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, Darling Downs Health elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* about whether those contracts contained leases. However, arrangements were reassessed under AASB 16 where no formal assessment had been done in the past or where lease agreements were modified on 1 July 2019.

ii) Amendments to former operating leases for office accommodation and employee housing

In 2018-19, Darling Downs Health held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program.

Effective 1 July 2019, the framework agreements that govern QGAO and GEH were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019-20 onward, the costs for these services are expensed as supplies and services expenses when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

iii) Changes to lease accounting

Previously, Darling Downs Health classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exists for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets.

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 Darling Downs Health 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 Darling Downs Health under residual value guarantees;
- the exercise price of a purchase option that Darling Downs Health is reasonably certain to exercise; and
- payments for termination penalties, if the lease term reflects the early termination.

The discount rate used is the interest rate implicit in the lease, or Darling Downs Health's incremental borrowing rate if the implicit rate cannot be readily determined.

Subsequently, 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 variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

3. New and revised accounting standards (continued)

(c) AASB 16 Leases (continued)

iii) Changes to lease accounting (continued)

Right-of-use assets

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

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

Right-of-use assets will subsequently give rise to an amortisation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather than the underlying asset itself.

Short-term leases and leases of low value assets

Darling Downs Health has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117.

iv) Changes to lessor accounting

Lessor accounting remains largely unchanged under AASB 16. Leases are still classified as either operating or finance leases. However, the classification of subleases now references the right-of-use asset arising from the head lease, instead of the underlying asset.

v) Transitional impact

Former operating leases as lessee

- The majority of Darling Downs Health's former operating leases, other than the exempt QGAO and GEH arrangements, are now recognised on-balance sheet as right-of-use assets and lease liabilities;
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at Darling Downs Health's incremental borrowing rate at 1 July 2019;
- Darling Downs Health's incremental borrowing rates on 1 July 2019 ranged from 1.43% to 2.12%;
- The incremental borrowing rate used corresponds to the month of lease commencement and the lease term;
- The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments;
- New right-of-use assets were tested for impairment on transition and none were found to be impaired;
- On transition, Darling Downs Health adopted practical expedients to:
    - not recognise right-of-use assets and lease liabilities that end within 12 months of the date of initial application and leases of low value assets;
    - exclude initial direct costs from the measurement of right-of-use assets; and
    - use hindsight when determining the lease term.

The following table summarises the on-transition adjustments to asset and liability balances at 1 July 2019 in relation to former operating leases.

	$'000
Right-of-use assets - Buildings	3,743
Right-of-use assets - Plant and equipment	41
Lease Liabilities	(3,784)

Leases as lessor

No transitional adjustments were required for leases in which Darling Downs Health is the lessor.

3. New and revised accounting standards (continued)

(c) AASB 16 Leases (continued) (continued)

vi) Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019

	$'000
Total undiscounted non-cancellable operating leases commitments at 30 June 2019	705
- less internal-to-government arrangements that are no longer leases	(20)
- discounted using the incremental borrowing rate at 1 July 2019 (1.43% to 2.12%)	(93)
Present value of operating lease commitments	592
- Add Present Value of Residential leases previously classed as cancellable	441
- Add Present Value of Commercial property leases previously classed as cancellable	2,710
- Add Present Value of equipment hire leases previously classed as cancellable	41
Lease liabilities at 1 July 2019	3,784

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

4. New and revised accounting standards applicable in future financial years

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to the Darling Downs Health's financial statements in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

Darling Down Health's initial assessment indicates that it does not currently have any arrangements that would fall within the scope of AASB 1059.

All other Australian Accounting Standards and Interpretations with new or future commencement dates are either not applicable to Darling Downs Health's activities, or have no material impact on Darling Downs Health.

5. Funding for public health services

	2020	*2019*
	$'000	*$'000*
Activity based funding	482,480	443,752
Block funding	190,792	178,599
Other system manager funding	97,327	90,588
Total funding for public health services	**770,599**	**712,939**

The DoH receives its revenue for funding from the Queensland Government (majority of funding) and the Commonwealth Government. The funding from DoH is provided predominantly for specific public health services purchased by DoH from Darling Downs Health in accordance with a service agreement between the parties. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Darling Downs Health. The funding is based on the agreed number of activities per the service agreement and a state-wide price by which relevant activities are funded.

The service agreement between DoH and Darling Downs Health specifies that DoH funds Darling Downs Health's depreciation charge via non-cash revenue. DoH 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.

The funding from DoH is received fortnightly in advance. Revenue is recognised as follows:

(a) Activity based funding

The service agreement with DoH provides funding for patient care in activity base funded hospitals. The funding is based on an agreed target number of activities and a state-wide price.

5. Funding for public health services (continued)

(a) Activity based funding (continued)

Revenue is recognised progressively as activity is delivered each month. The adoption of AASB 15 did not change the timing of revenue recognition for activity based funding.

Where activity delivered exceeds the target no additional revenue (or corresponding contract asset) is recognised as the transaction price is unable to be reliably determined.

Where activity delivered is less than the target, a contract liability (unearned revenue) and corresponding reduction in revenue is recognised consistent with the service agreement with DoH.

(b) Block funding

Block funding includes funding for smaller hospitals not funded through activity based funding, specialist mental health hospitals, community mental health, and teaching, training and research.

The service level agreement with DoH does not include any sufficiently specific performance measures for block funding. Revenue is accounted for under AASB 1058 and is recognised when received.

(c) Other system manager funding

Other system manager funding is for items not covered by the National Health Reform Agreement including items such as prevention, promotion and protection, depreciation and other health services.

Where the specific funding line in the service level agreement with the DoH contains sufficiently specific performance obligations, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the specific funding line is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby the revenue is recognised upon receipt, except for special purpose capital funding provided for the acquisition/construction of assets to be controlled by Darling Downs Health. Special purpose capital funding is recognised as unearned revenue when received, and subsequently recognised progressively as Darling Downs Health satisfies it's obligations for acquisition/construction of the asset.

Other system manager funding recognised as performance obligations are satisfied

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Breast Screen	Funding is provided for the provision of breast screen services on a the basis of the number of screens to be performed. Incentive funding for target groups is also provided on the basis of the number of screens to be performed.	Revenue is recognised under AASB 15 as services are delivered to clients.
Oral Health Services	Funding is provided based on the target number of dental occasions of service to be provided.	Revenue is recognised under AASB 15 as services are delivered to clients.

6. User charges and fees

	2020	*2019*
	$'000	*$'000*
Hospital fees	27,584	28,153
Pharmaceutical benefits scheme reimbursement	22,496	23,479
Sales of goods and services	13,865	4,091
Outsourced service delivery	-	1,212
Other user charges - rental income	116	100
Total user charges and fees	**64,061**	**57,035**

6. User charges and fees (continued)

(a) Hospital fees

Hospital fees comprise inpatient and outpatient revenue including private patients, Medicare ineligible patients, Workcover and other compensable patients.

Revenue is recognised as services are delivered (i.e. inpatient admission or outpatient occasion of service). The adoption of AASB 15 did not change the timing of revenue recognition.

(b) Pharmaceutical benefits scheme reimbursement

Under the Pharmaceutical Benefits Scheme (PBS), the Australian Government subsidises the cost of a wide range of necessary prescription medicines for most medical conditions. In 2002, Queensland Health entered into an agreement with the Australian Government to allow hospital patients (who are being discharged, attending outpatient clinics or are day-admitted to receive chemotherapy treatment) access to medicines listed on the PBS at subsidised prices. Patients are invoiced at the reduced PBS rate and Darling Downs Health's pharmacies lodge monthly claims for co-payments through the PBS arrangement at which time the revenue is recognised.

(c) Sales of goods and services

Sales of goods and services includes recoveries of costs for goods and services provided by Darling Downs Health to DoH and other HHSs, courses and conferences and the National Disability Insurance Scheme.

Revenue is recognised when it is earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for the related goods and/or the recognition of accrued revenue.

(d) Other user charges - rental income

Rental revenue is recognised as income on a straight-line basis over the term of the lease. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews.

7. Grants and other contributions

	2020	*2019*
	$'000	*$'000*
Nursing home grants	15,358	16,173
Home support programme	6,965	6,891
Other specific purpose grants	11,659	13,150
Corporate support services received from DoH	8,338	7,969
Other grants and donations	2,877	4,006
Total grants and other contributions	**45,197**	**48,189**

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for Darling Downs Health 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 Darling Downs Health. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as Darling Downs Health satisfies its obligations under the grant through construction of the asset.

Goods and services received below fair value are recognised at their fair value, however services are only recognised in the statement of comprehensive income if they would have been purchased had they not been donated, and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

Darling Downs Health has a number of grant agreements that have been identified as having sufficiently specific performance obligations under enforceable grant agreements. The revenue associated with these grants is recognised progressively as the performance obligations are satisfied under AASB 15. The remaining grants do not contain sufficiently specific performance obligations and these grants are recognised upon receipt.

7. Grants and other contributions (continued)

(a) Nursing home grants

Funding is received from the Australian Government for the provision of care in residential aged care facilities. Funding received is based on a daily rate per nursing home resident. The daily rate is determined by the level of care required by the resident. The transaction price is established by the Australian Government and stipulated in the terms of the agreement.

Revenue is recognised as services are provided to nursing home residents. This has not changed as a result of AASB 15.

(b) Home support programme

The Commonwealth Home Support Programme (CHSP) provides entry level support for older people who need help to stay at home. Service providers work with them to maintain their independence. Support can include help with daily tasks, home modifications, transport, social support and nursing care.

Funding is received in advance for individual clients with revenue recognised based on the agreed transaction price as services are delivered to clients. This has not changed as a result of AASB 15.

(c) Other specific purpose grants recognised as performance obligations are satisfied

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Home care packages	Home care packages are designed for those with more complex care needs that go beyond what the CHSP can provide. The Australian Government provides funding on behalf of each person receiving government-subsidised home care. Funding is based on the daily subsidy level. The subsidy level is dependant on the level of care required.	Revenue is recognised under AASB 15 as services are delivered to clients.
Transition care	Transition care provides short-term care for older people to help them recover after a hospital stay. The Australian Government provides funding through flexible care subsidies. Funding is based on the basic daily subsidy amount for the day for the care recipient and the dementia and veterans supplement equivalent amount for the day for the care recipient.	Revenue is recognised under AASB 15 as services are delivered to clients.
Specialist training program	The Specialist training program (STP) aims to extend vocational training for specialist registrars into settings outside the traditional metropolitan teaching hospitals, including regional, rural and remote, and private facilities. The program is administered through the specialist medical colleges under funding agreements with the Australian Government. Funding is provided on a pro rata basis for each full time equivalent trainee employed during the year.	Revenue is recognised under AASB 15 in line with the full time equivalent trainees employed during the year.

7. Grants and other contributions (continued)

(c) Other specific purpose grants recognised as performance obligations are satisfied (continued)

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Remote rural medical benefits scheme	The Rural and Remote Medical Benefits Scheme (RRMBS) has been operating in Queensland since 1997. The Scheme provides an exemption from s19(2) of the *Health Insurance Act 1973* to allow listed sites to claim against the Medicare Benefits Schedule (MBS) for non-admitted primary healthcare services. The Scheme was set up by the Australian Government as a method of providing additional funding for the states in recognition of the additional expenses incurred by the public health system in the provision of primary healthcare services to Aboriginal and Torres Strait Islander patients. RRMBS sites specifically encompass those communities which have a significant Aboriginal and Torres Strait Islander population and whose members have little to no access to these services through the private sector, either due to affordability or the absence of private sector services (i.e. general practitioners).	Revenue is recognised under AASB 15 as services are delivered to clients.
Council of Australian Governments (COAG) - s 19(2) exemption initiative	The Council of Australian Governments (GOAG) introduced the Section 19(2) Exemptions Initiative (the initiative) - Improving Access to Primary Care in Rural and Remote Areas Initiative in 2006-07. The Initiative provides for exemptions under s19(2) of the *Health Insurance Act 1973* to allow exempted eligible sites to claim against the Medicare Benefits Schedule (MBS) for non-admitted, non-referred professional services (including nursing, midwifery, allied health and dental services) provided in emergency departments and outpatient clinic settings.	Revenue is recognised under AASB 15 as services are delivered to clients.

(d) Other grants & donations recognised as performance obligations are satisfied

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Student placements	Darling Downs Health has agreements with tertiary institutions to fund nursing student placements. Practical training/experience is provided to nursing students on placement under these arrangements Funding is provided at agreed rates per student undertaking a placement with Darling Downs Health.	Revenue is recognised under AASB 15 based on student numbers during the period.

(e) Corporate support services received from DoH

Darling Downs Health receives corporate support services support from DoH for no cost. Corporate services received include payroll services, accounts payable services, some taxation services, some supply services and some information technology services. The fair value of these services is listed above. A corresponding expense is recognised in Supplies and Services in the Statement of Comprehensive Income.

8. Employee expenses

	2020	*2019*
	$'000	*$'000*
Wages and salaries	72,537	68,028
Annual leave levy	5,264	4,838
Employer superannuation contributions	5,478	5,083
Long service leave levy	1,788	1,452
Other employee related expenses	1,178	852
Redundancies and termination payments	290	6
Total employee expenses	**86,535**	**80,259**

Under section 20 of the *Hospital and Health Boards Act 2011* a Hospital and Health Service (HHS) can employ health executives and contracted senior health service employees, including Senior Medical Officers (SMO) and Visiting Medical Officers (VMO). Non-executive staff working in a HHS, with the exception of SMO and VMO, legally remain employees of DoH (Health service employees, refer to Note 9).

The number of full-time equivalent employees disclosed below reflect health executives and contracted senior health service (employees only). The number of full-time equivalent staff that legally remain employees of DoH is disclosed in Note 9.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2020	*2019*
Number of employees (full time equivalents) as at 30 June	**203.0**	**189.3**

(a) Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As Darling Downs Health expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. No employees were eligible for the $1,250 one-off, pro-rata payments (announced in September 2019).

(b) Workers compensation premium

Darling Downs Health is insured via a direct policy with WorkCover Queensland. The policy covers health service executives, senior health service employees engaged under a contract and health service employees. A portion of the premiums paid are reported under other employee related expenses and a portion of the premiums paid are reported under other health service employee related expenses (Note 10) in accordance with the underlying employment relationships.

(c) Sick leave

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 only recognised for this leave as it is taken.

(d) Annual and long service leave levy

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, levies are made on Darling Downs Health to cover the cost of employees' annual and long service leave including leave loading and on-costs.

The levies are expensed in the period in which they are payable. Amounts paid to employees for annual and long service leave are claimed from the scheme quarterly in arrears. DoH centrally manages the levy and reimbursement process on behalf of Darling Downs Health.

(e) Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government’s QSuper defined benefit plan as determined by the employee’s conditions of employment.

8. Employee expenses (continued)

(e) Superannuation (continued)

i) Defined Contribution (Accumulation) Plans

Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period. Effective from 1 July 2017, Board Members, Visiting Medical Officers, and employees can choose their superannuation provider, and Darling Downs Health pays contributions into complying superannuation funds.

ii) Defined Benefit Plan

The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting.* The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by Darling Downs Health to QSuper at the specified rate following completion of the employee's service each pay period. Darling Downs Health's obligations are limited to those contributions paid.

(f) Key management personnel and remuneration

Key management personnel and remuneration disclosures are detailed in Note 31. These may include board members, executives, contracted senior health service employees and health service employees.

(g) Payroll system

Employees are currently paid under a service arrangement using DoH's payroll system. The responsibility for the efficiency and effectiveness of this system remains with DoH.

9. Health service employee expenses

All non-executive staff, with the exception of SMO and VMO, are employed by DoH. Provisions in the *Hospital and Health Boards Act 2011* enable Darling Downs Health to perform functions and exercise powers to ensure the delivery of its operational plan.

Under this arrangement:

- DoH provides employees to perform work for Darling Downs Health, and acknowledges and accepts its obligations as the employer of these employees;
- Darling Downs Health is responsible for the day-to-day management of these employees; and
- Darling Downs Health reimburses DoH for the salaries and on-costs of these employees.

As a result of this arrangement, Darling Downs Health treats the reimbursements to DoH for departmental employees in these financial statements as Health service employee expenses.

Darling Downs Health, through service arrangements with DoH, has engaged 4,562 full-time equivalent (FTE) persons (2019: 4,370 FTE), as calculated by reference to the minimum obligatory human resources information (MOHRI).

Health service employee expenses includes $3,135k of $1,250 one-off, pro-rata payments for 2,508 full-time equivalent employees (announced in September 2019).

10. Supplies and services

	2020 $'000	2019 $'000
Clinical supplies and services	33,011	31,735
Pharmaceuticals	29,670	31,163
Consultants and contractors	23,921	20,179
Outsourced service delivery contracts (clinical services)	20,754	18,730
Repairs and maintenance	14,084	16,614
Pathology and laboratory supplies	16,786	15,852
Catering and domestic supplies	11,152	9,828
Corporate support services from DoH	8,338	7,969
Other health service employee related expenses	6,876	6,599
Patient travel	9,843	9,663
Computer services and communications	14,898	11,544
Inter-entity supplies (paid to DoH)	1,068	8,719
Water and utility costs	8,156	8,411
Insurance premiums (paid to DoH)	7,706	7,088
Leases - buildings (including office accommodation and employee housing)	320	1,140
Leases - motor vehicles	1,986	1,746
Leases - other	7	39
Minor works, including plant and equipment	14,031	2,644
Other travel	2,255	2,170
Building services	2,778	2,059
Motor vehicles	778	808
Other supplies and services	3,403	4,015
Total supplies and services	**231,821**	**218,715**

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

(a) Insurance premiums

Darling Downs Health is insured under a DoH insurance policy with the Queensland Government Insurance Fund (QGIF) and pays a fee to DoH as a fee for service arrangement. QGIF covers property and general losses above a $10,000 threshold and health litigation payments above a $20,000 threshold and associated legal fees. QGIF collects an annual premium from insured agencies intended to cover the cost of claims occurring in the premium year, calculated on a risk assessment basis.

(b) Leases

Leases include lease rentals for short term leases, lease of low value assets and variable lease payments. Refer to Note 17 for a breakdown of lease expenses and other disclosures.

11. Other expenses

External audit fees of $221,260 (2019: $206,700) relates to the audit of the financial statements.

Special payments include ex-gratia expenditure and other expenditure that Darling Downs Health is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2019,* Darling Downs Health maintains a register setting out details of all special payments approved by Darling Downs Health's delegates. Special payments (ex-gratia payments) totaling $12K (2019: $28K) were made during the period.

There were no special payments over $5,000 made during 2019-20.

12. Cash and cash equivalents

	2020 $'000	2019 $'000
Operating cash on hand and at bank	49,742	57,586
General trust at call deposits *	6,227	6,260
General trust cash at bank *	33	535
Total cash and cash equivalents	**56,002**	**64,381**

* Refer Note 26 Restricted assets

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at reporting date as well as deposits at call with financial institutions.

Darling Downs Health's operating bank accounts are grouped as part of a Whole-of-Government (WoG) set-off arrangement with Queensland Treasury Corporation, which does not earn interest on surplus funds nor is it charged interest or fees for accessing its approved cash debit facility. Any interest earned on the WoG fund accrues to the Consolidated Fund.

General trust cash at bank and at call deposits do not form part of the WoG banking arrangement and incur fees as well as earn interest. Interest earned from general trust accounts is used in accordance with the terms of the trust.

General trust cash at bank and at call deposits earn interest calculated on a daily basis reflecting market movements in cash funds. Annual effective interest rates (payable monthly) achieved throughout the year range between 0.86% and 2.38% (2019: 2.38% and 3.20%).

13. Receivables

	2020 $'000	2019 $'000
Trade receivables	5,875	6,692
Less: Allowance for impairment loss	(1,154)	(1,615)
Total trade receivables	**4,721**	**5,077**
GST receivable	2,206	1,160
GST (payable)	(160)	(97)
Total GST receivable	**2,046**	**1,063**
Receivable from DoH	-	561
Other accrued revenue	-	2,309
Other	8	-
Total other receivables	**8**	**2,870**
Total receivables	**6,775**	**9,010**

Receivables are measured at amortised cost less any impairment, which approximates their fair value at reporting date. Trade receivables are recognised at the amount due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is generally required within 30 days from invoice date. The collectability of receivables is assessed periodically with allowance being made for impairment.

The closing balance of receivables arising from contracts with customers at 30 June 2020 is $5,875K (1 July 2019: $6,692K).

(a) Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any allowance for impairment. Credit risk on receivables is considered minimal given that $2,546K or 38% (2019: $4,120K or 45%) of total receivables is due from Government, including GST receivable and amounts owing from DoH and other Hospital and Health Services.

(b) Impairment of receivables

Darling Downs Health calculates impairment based on an assessment of individual debtors within specific debtor groupings, including geographic location and service stream (e.g. Aged Care, Home care, Pharmaceutical Services). A provision matrix is then applied to measure expected credit losses. The allowance for impairment reflects Darling Downs Health's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) and management judgement. The level of allowance is assessed taking into account the ageing of receivables, historical collection rates, and specific knowledge of the individual debtor's financial position.

13. Receivables (continued)

(b) Impairment of receivables (continued)

The COVID-19 pandemic is not expected to result in a significant change to Darling Downs Health's credit risk exposure or allowance for impairment. A significant portion of debts owing to Darling Downs Health are considered to be low risk of default including amounts owing from Government, amounts owing from private health insurers, and amounts owing for long stay residents at nursing homes. Darling Downs Health already considers some debtor categories such as Medicare Ineligible overseas patients as a higher risk of default and recognises a sufficient allowance for impairment for these categories.

When a trade receivable is considered uncollectable, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to other revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Income.

	2020			2019		
Individually Impaired Receivables	**Gross receivables**	**Allowance for impairment**	**Carrying Amount**	**Gross receivables**	**Allowance for impairment**	**Carrying Amount**
Overdue	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Less than 30 days	68	(68)	-	44	(44)	-
30 to 60 days	71	(71)	-	42	(42)	-
60 to 90 days	80	(80)	-	48	(48)	-
Greater than 90 days	392	(392)	-	847	(847)	-
Total overdue	**611**	**(611)**	**-**	**981**	**(981)**	**-**
General impairments	5,264	(543)	4,721	5,711	(634)	5,077
Total allowance for impairment	**5,875**	**(1,154)**	**4,721**	**6,692**	**(1,615)**	**5,077**

Movements in the allowance for impairment loss	*2020*	*2019*
	$'000	*$'000*
Balance at the beginning of the financial year	1,615	2,211
Amounts written off during the year in respect of bad debts	(1,467)	(1,229)
Increase/(decrease) in allowance recognised in operating result	1,006	633
Balance at the end of the financial year	**1,154**	**1,615**

14. Inventories

	2020	*2019*
	$'000	*$'000*
Clinical supplies and equipment	4,412	3,551
Pharmaceuticals	2,778	2,992
Catering and domestic	78	24
Other	21	60
Total inventories	**7,289**	**6,627**

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable. Inventories are measured at weighted average cost, adjusted for obsolescence.

Inventories consist mainly of clinical supplies and pharmaceuticals held for distribution to hospitals or residential aged care facilities within Darling Downs Health and other HHSs. These inventories are provided to the facilities at cost. Darling Downs Health provides a central store enabling the distribution of supplies to other HHSs and utilises store facilities managed by DoH.

Unless material, inventories do not include supplies held ready for use in the wards throughout hospital facilities. These are expensed on issue from Darling Downs Health's central store. Items held on consignment are not treated as inventory, but are expensed when utilised in the normal course of business.

15. Other current assets

	2020	*2019*
	$'000	*$'000*
Contract assets	5,887	-
Prepayments	1,235	1,067
Other	6	-
	7,128	**1,067**

Contract assets arise from contracts with customers, and are transferred to receivables when Darling Downs Health's right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer.

Accrued revenue that does not arise from contracts with customers is reported as part of Other.

Significant changes in contract assets balances during the year:

- $2,334K (2019: $1,392K) from the service level agreement with DoH;
- $912K (2019: $101K) from DoH for non-capital work projects;
- $686K (2019: $381K) from various medical colleges for Specialist training programs.

Prepayments include payments for maintenance agreements, deposits and other payments of a general nature made in advance.

16. Property, plant and equipment and intangible assets

	Land	**Buildings & improvements**	**Plant & equipment**	**Work in progress**	**Software purchased**	**Total**
	at fair value	**at fair value**	**at cost**	**at cost**	**at cost**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fair value / cost	35,232	1,116,476	94,578	55,394	498	1,302,178
Accumulated depreciation / amortisation	-	(812,598)	(50,650)	-	(303)	(863,551)
Carrying amount at 30 June 2020	**35,232**	**303,878**	**43,928**	**55,394**	**195**	**438,627**
Represented by movements in carrying amount						
Carrying amount at 1 July 2019	35,625	319,133	44,318	9,828	291	409,195
Acquisitions	-	213	7,946	51,557	-	59,716
Transfers in from other Queensland Government entities	-	-	15	-	-	15
Donations received	-	-	10	-	-	10
Disposals	(24)	-	(279)	-	-	(303)
Transfers out to other Queensland Government entities	-	-	(66)	-	-	(66)
Transfer between asset classes	-	5,979	12	(5,991)	-	-
Net revaluation increments/(decrements)	(369)	4,603	-	-	-	4,234
Depreciation and amortisation	-	(26,050)	(8,028)	-	(96)	(34,174)
Carrying amount at 30 June 2020	**35,232**	**303,878**	**43,928**	**55,394**	**195**	**438,627**

16. Property, plant and equipment and intangible assets (continued)

	Land at fair value $'000	Buildings & improvements at fair value $'000	Plant & equipment at cost $'000	Work in progress at cost $'000	Software purchased at cost $'000	Total $'000
Fair value / cost	35,625	1,055,767	92,285	9,828	498	1,194,003
Accumulated depreciation / amortisation	-	(736,634)	(47,967)	-	(207)	(784,808)
Carrying amount at 30 June 2019	**35,625**	**319,133**	**44,318**	**9,828**	**291**	**409,195**
Represented by movements in carrying amount						
Carrying amount at 1 July 2018	36,516	315,689	41,984	6,994	435	401,618
Acquisitions	-	349	9,370	14,439	-	24,158
Transfers in from other Queensland Government entities	-	-	130	-	-	130
Donations received	-	140	15	-	-	155
Disposals	-	-	(259)	-	(41)	(300)
Transfers out to other Queensland Government entities	(25)	-	(1)	-	-	(26)
Donations made	-	-	(3)	-	-	(3)
Transfer between asset classes	-	11,191	399	(11,605)	-	(15)
Net revaluation increments/(decrements)	(866)	14,181	-	-	-	13,315
Depreciation and amortisation	-	(22,417)	(7,317)	-	(103)	(29,837)
Carrying amount at 30 June 2019	**35,625**	**319,133**	**44,318**	**9,828**	**291**	**409,195**

(a) Recognition of property plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds and with a useful life of more than one year are reported as Property, Plant and Equipment in the following classes. Items below these values are expensed in the year of acquisition.

Class	Threshold
Buildings (including site improvements)	$10,000
Land	$1
Plant and equipment	$5,000

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for Darling Downs Health. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed in Note 16(e).

Intangible assets of Darling Downs Health comprise purchased software. Intangible assets 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 Darling Downs Health's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

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

(b) Cost of acquisition of assets

Cost is used for the initial recording of all non-current property, plant and equipment acquisitions. Cost is determined as the fair value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

16. Property, plant and equipment and intangible assets (continued)

(b) Cost of acquisition of assets (continued)

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the transferor immediately prior to the transfer.

(c) Measurement of non-current assets

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

Land, buildings and improvements are measured at their fair value in accordance with *AASB 116 Property, Plant and Equipment*, *AASB 13 Fair Value Measurement* and 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 accumulated impairment losses where applicable.

In respect of the above mentioned asset classes, 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. Assets under construction are not revalued until they are ready for use.

(d) Revaluation of non-current assets

Land, buildings and improvements classes measured at fair value are revalued on an annual basis by comprehensive or desktop valuations, or by the use of appropriate and relevant indices provided by independent experts. Comprehensive valuations are undertaken at least once every four years. However, if a particular 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. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset warrants a revaluation.

Where assets have not been comprehensively valued in the reporting period, their previous valuations are materially kept up to date via a desktop valuation, or the application of relevant indices. Darling Downs Health ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The external valuer supplies the indices used. 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.

Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by the valuer based on Darling Downs Health's own particular circumstances.

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, in which case, it is recognised as income. 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 comprehensive valuations are based on valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Details of Darling Downs Health's fair value classification of non-current assets are provided in Note 22.

Fair value measurement - land

Darling Downs Health has engaged the State Valuation Service (SVS) to provide a market based valuation in accordance with a four year rolling revaluation program (with indices applied in the intervening periods). Desktop valuations were undertaken for high-value land parcels outside the geographic area being comprehensively valued, based on their unique and complex nature. The revaluation program excludes properties which do not have an active market, for example properties under Deed of Grant (recorded at a nominal value of $1).

16. Property, plant and equipment and intangible assets (continued)

(d) Revaluation of non-current assets (continued)

Fair value measurement - land (continued)

The fair value of land was based on publicly available data on sales of similar land in nearby localities prior to the date of the revaluation. In determining the values, adjustments were made to the sales data to take into account the location of the land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land.

The 2019-20 revaluation program resulted in a decrement of $369K (2019: decrement of $866K) to the carrying amount of land, and is recognised in the Statement of Comprehensive Income as a loss on revaluation of assets.

The COVID-19 pandemic has resulted in uncertainty in the property market leading to significant valuation uncertainty. Valuations are based upon sales information and statistical economic information at the time of valuation. The assessed value may change significantly and unexpectedly over time. It is expected that the property market may experience greater uncertainty due to the COVID-19 pandemic, however the future effects on asset valuations are unable to be reliably predicted at this point in time.

Fair value measurement - buildings and improvements

Darling Downs Health engaged independent experts, AECOM Pty Ltd to undertake building revaluations in accordance with a four year rolling revaluation program (with indices applied in the intervening periods).

Reflecting the specialised nature of health service buildings and on hospital-site residential facilities, for which there is no active market, fair value is determined using the current replacement cost methodology. Current replacement cost is a valuation technique that reflects the amount that would be required today to replace the service capacity of an asset. Current replacement cost is calculated as replacement cost less adjustments for obsolescence.

To determine the replacement cost, the lowest cost that would be incurred today, to replace the existing building with a modern equivalent, is assessed. The valuation assumes a modern equivalent building will comply with current legislation (e.g. building code) and provide the same service function and form (shape and size) as the original building but with more contemporary design, materials, safety standards and construction approaches.

In determining the revalued amount the measurement of key quantities of certain elements includes:

- Building footprint (roof area);
- Girth of the building;
- Height of the building;
- Number of staircases; and
- Number of lift 'stops'.

Key quantities are measured from drawings provided and verified on site during inspections. These measured quantities are assigned unit rates to determine a base replacement cost for each element. The unit rates are derived from recent similar projects analysed at an elemental level. 'On-costs' have been incorporated to provide for:

- Contractors preliminary items (establishment, supervision, scaffolding, tower cranes, etc.);
- Project contingencies;
- Professional and statutory fees; and
- Client costs (management of the project etc).

The replacement cost of an asset is adjusted for obsolescence. There are three types of obsolescence factored into current replacement cost, functional, economic and physical obsolescence. Functional and economic obsolescence are adjustments to the gross value of the asset. This adjustment reflects the value embodied in components of a modern equivalent building that are either not present in the existing asset or that are inefficient or inadequate relative to a modern equivalent building due to technological developments or other external factors.

Physical obsolescence is time based and is therefore reflected in the calculation of accumulated depreciation. This adjustment reflects the loss in value of the building caused by factors such as wear and tear, physical stressors and other environmental factors. Physical obsolescence is calculated as straight-line depreciation, that is, the replacement cost depreciated over the total useful life of the asset. The total useful life of the asset is a combination of expired useful life and an estimate of remaining useful life.

16. Property, plant and equipment and intangible assets (continued)

(d) Revaluation of non-current assets (continued)

Fair value measurement - buildings and improvements (continued)

Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, and records of the current condition assessment of the facility.

The revaluation program resulted in an increment of $4,603K (2019: $14,181K) to the carrying amount of buildings.

The fair value of buildings is not currently expected to be significantly impacted by the economic effects of COVID-19.

(e) Depreciation and amortisation

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset progressively over its estimated useful life to Darling Downs Health.

Assets under construction (work-in-progress) are not depreciated until the earlier of construction being complete or the asset is ready for its intended use. These assets are then reclassified to the relevant class within property, plant and equipment.

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

Major components purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate. A review of major components is undertaken annually and whilst components are not separately accounted for, there is no material effect on depreciation expense reported.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the shorter of the estimated useful lives of the improvements or the unexpired period of the lease.

All asset useful lives are reviewed annually to ensure that the remaining service potential of the assets is reflected in the financial statements. Darling Downs Health determines the estimated useful lives for its property, plant and equipment based on the expected period of time over which economic benefits arising from the use of the asset will be derived. Significant judgement is required to determine useful lives which could change significantly as a result of technical innovations or other circumstances and events. The depreciation charge will increase where the useful lives are less than previously estimated, or the asset becomes becomes technically obsolete or non-strategic assets that have been abandoned or sold are written-off or written-down.

For Darling Downs Health's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

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

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

Class	Depreciation / amortisation rates	
	2020	*2019*
	%	*%*
Buildings and land improvements	0.75 - 7.69	0.75 - 7.69
Plant and equipment	2.00 - 20.00	2.00 - 20.00
Software - purchased	20.00	20.00

(f) Impairment of non-current assets

All property, plant and equipment is assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Darling Downs Health determines the asset's recoverable amount. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and value in use. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

16. Property, plant and equipment and intangible assets (continued)

(f) Impairment of non-current assets (continued)

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available, in respect of the class of asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. For assets measured at fair value, to the extent the original decrement was expensed through the Statement of Comprehensive Income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through the asset revaluation surplus. For assets measured at cost, impairment losses are reversed through income.

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Darling Downs Health 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, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

17. Right-of-use assets and lease liabilities

A new accounting standard *AASB 16 Leases* came into effect in 2019-20, resulting in significant changes to Darling Downs Health's accounting for leases as a lessee. The transitional impacts of the new standard are disclosed in Note 3.

(a) Right-of-use assets

	Buildings & improvements $'000	Plant & equipment $'000	Total $'000
Opening balance at 1 July 2019	3,743	41	3,784
Additions	278	-	278
Depreciation	(1,180)	(16)	(1,196)
Disposals / derecognition	-	-	-
Other adjustments	9	21	30
Closing balance at 30 June 2020	**2,850**	**46**	**2,896**

(b) Lease liabilities

	2020 *$'000*	*2019* *$'000*
Current		
Lease liabilities (2019: Finance lease liabilities)	1,020	-
Non-current		
Lease liabilities (2019: Finance lease liabilities)	1,776	-
Total	**2,796**	**-**

Darling Downs Health 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.

Darling Downs Health 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.

Where a contract contains both lease and non-lease components such as asset maintenance services, Darling Downs Health allocates the contractual payments to each component on the basis of their stand alone prices. However, for leases of plant and equipment, Darling Downs Health has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

17. Right-of-use assets and lease liabilities (continued)

(b) Lease liabilities (continued)

When measuring the lease liability, Darling Downs health 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 Darling Downs Health's leases. To determine the incremental borrowing rate, Darling Downs Health uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

i) Details of leasing arrangements as lessee

Specialist medical facilities	Darling Downs Health leases commercial premises from which it provides various health services. The lease for its BreastScreen premises commenced in April 2016, and has a two options to extend the lease, each for a further four years. The lease payments are adjusted every year based on market rent reviews. If Darling Downs Health exercises the option to renew the lease, then the lease payments will reflect the market rate at that point. Other commercial leases include the lease of a medical centre, as well as demountable buildings.
Employee housing	Darling Downs Health routinely enters into residential leases to facilitate the provision of employee accommodation across the health service. Short-term leases are expensed on a straight-line basis consistent with the lease term. Lease terms and conditions are generally at market prices. Darling Downs Health regularly assesses the requirement for the leases, and rental agreements are ordinarily renewed prior to finalisation of the current lease term.
Equipment	Darling Downs Health's equipment leases are generally on a short-term basis, or leases of low value assets. Lease terms for plant and equipment recognised on balance-sheet can range from 1 to 5 years.

ii) Office accommodation, employee housing and motor vehicles

The Department of Housing and Public Works (DHPW) provides Darling Downs Health 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 10.

iii) Amounts recognised in profit and loss	*2020*	*2019*
	$'000	*$'000*
Interest expense on lease liabilities	53	-
Breakdown of lease expenses included in Note 10		
- Expenses relating to short term leases for buildings	320	-
- Expenses relating to motor vehicle leases through QFleet	1,986	-
- Expenses relating to low value assets	7	-
Income for leasing included in Other user charges - rental income Note 6	(116)	-

iv) Total cash outflows for leases

Non-cancellable Operating lease commitments at 30 June 2019	*2019*
	$'000
Committed at the reporting date but not recognised as liabilities:	
Within one year	75
One to five years	222
More than five years	408
Total non-cancellable operating leases	**705**

18. Payables

	2020 $'000	2019 $'000
Payable to Department of Health	24,639	19,377
Accrued expenses	14,154	16,431
Trade payables	15,152	8,356
Other	451	163
Total payables	**54,396**	**44,327**

Trade payables are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, net of applicable trade and other discounts. Amounts owing are unsecured and generally settled in accordance with the vendor's terms and conditions but within 60 days.

19. Unearned revenue

	2020 $'000	2019 $'000
Contract liabilities	5,560	563
Total unearned revenue	**5,560**	**563**

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

Of the amount included in the contract liability balance at 1 July 2019, $2,735K has been recognised as revenue on transition. Refer to Note 3(b)ii).

Revenue recognised in 2019-20 from performance obligations satisfied or partially satisfied in previous periods is nil.

Significant changes in contract liabilities during the year:

- $3,001K funding from the Commonwealth Department of Health for the Rural Junior Doctor Training Innovation Fund (2019: $3,448K disclosed as accrued expenses in the 2018-19 financial year).
- $729K donation for the construction of a helipad at Tara

Contract liabilities at 30 June 2020 include:

- $3,001K from the Commonwealth Department of Health for the Rural Junior Doctor Training Innovation Fund
- $729K donation for the construction of a helipad at Tara

20. Contributed equity

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

Transactions with owners as owners include equity injections for non-current asset acquisitions. Assets received or transferred by Darling Downs Health are accounted for in line with the accounting policy outlined in Note 16(b). Transactions with owners as owners also includes non-cash equity withdrawals to offset non-cash depreciation funding received under the service agreement with DoH.

Construction of major health infrastructure continues to be managed and funded by DoH. Upon practical completion of a project, assets are transferred from DoH to Darling Downs Health by the Minister for Health as a contribution by the State through equity.

The value of assets received or transferred are outlined in the table below:

	2020 $'000	2019 $'000
Transfers from DoH	66	130
Transfers to DoH	(15)	(26)
Total net assets received or transferred	**51**	**104**

21. Asset revaluation surplus

	Land	Buildings & improvements	Total
	$'000	$'000	$'000
Balance at 1 July 2018	-	102,262	102,262
Revaluation increment/(decrement)	-	14,181	14,181
Balance at 30 June 2019	**-**	**116,443**	**116,443**
Revaluation increment/(decrement)	-	4,603	4,603
Balance at 30 June 2020	**-**	**121,046**	**121,046**

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

22. Fair value measurement

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value measurement can be sensitive to various valuation inputs selected. Considerable judgement is required to determine what is significant to fair value.

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

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 Darling Downs Health 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 takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or the current replacement cost for a specific-use asset.

Details of the valuation approach as well as the observable and unobservable inputs used in deriving the fair value of non-financial assets are disclosed in Note 16(d).

Darling Downs Health does not recognise any financial assets or liabilities at fair value, except for cash and cash equivalents. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

All assets and liabilities of Darling Downs Health 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 valuations:

- 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.

None of Darling Downs Health's valuations of assets or liabilities are eligible for categorisation into Level 1 of the fair value hierarchy.

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

Categorisation of fair value of assets and liabilities measured at fair value

	Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Land	35,232	35,625	-	-	35,232	35,625
Buildings and improvements	634	659	303,243	318,473	303,877	319,132
Total	**35,866**	**36,284**	**303,243**	**318,473**	**339,109**	**354,757**

22. Fair value measurement (continued)

Reconciliation of non-financial assets categorised as Level 3:

As at 1 July 2018	315,033
Acquisitions (including upgrades)	349
Donations received	140
Transfer between asset classes	11,191
Net revaluation increments/(decrements)	14,135
Depreciation charge for the year	(22,375)
As at 30 June 2019	**318,473**
Acquisitions (including upgrades)	213
Transfer between asset classes	5,979
Net revaluation increments/(decrements)	4,585
Depreciation and amortisation charge for the year	(26,007)
As at 30 June 2020	**303,243**

23. Financial instruments

(a) Recognition

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

(b) Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at amortised cost (Note 12);
- Receivables - held at amortised cost (Note 13); and
- Payables - held at amortised cost (Note 18).

Darling Downs Health does not enter into transactions for speculative purposes, nor for hedging.

(c) Financial risk management objectives

Financial risk is managed in accordance with Queensland Government and Darling Downs Health policy. These policies provide written principles for overall risk management, as well as policies covering specific areas, and aim to minimise potential adverse effects of risk events on the financial performance of Darling Downs Health.

Darling Downs Health's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk.

Darling Downs Health measures risk exposure using a variety of methods as follows:

Risk exposure	***Measurement method***
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Monitoring of cash flows by management of accrual accounts, sensitivity analysis
Market risk	Interest rate sensitivity analysis

i) Credit risk exposure

Credit risk exposure refers to the situation where Darling Downs Health may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

Credit risk on cash and cash equivalents is considered minimal given all Darling Downs Health's deposits are held through the Commonwealth Bank of Australia and by the State through Queensland Treasury Corporation. The maximum exposure to credit risk is limited to the balance of cash and cash equivalents shown in Note 12.

Credit risk on receivables is disclosed in Note 13(a).

23. Financial instruments (continued)

(c) Financial risk management objectives (continued)

i) Credit risk exposure (continued)

No financial assets have had their terms renegotiated as to prevent them from being past due or impaired and are stated at the carrying amounts as indicated.

ii) Liquidity risk

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

Darling Downs Health has an approved debt facility of $11 million (2019: $6 million) under WoG banking arrangements to manage any short term cash shortfalls. This facility has not been drawn down as at 30 June 2020 (2019: nil). The liquidity risk of financial liabilities held by Darling Downs Health is limited to the payables balance as shown in Note 18.

iii) Market risk

Market risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Darling Downs Health is exposed to interest rate changes on 24 hour at-call deposits but there is no interest rate exposure on its cash and fixed rate deposits.

Darling Downs Health does not undertake any hedging in relation to interest rate risk and manages its risk as per Darling Downs Health liquidity risk management strategy articulated in Darling Downs Health's Financial Management Practice Manual. Changes in interest rates have a minimal effect on the operating result of Darling Downs Health.

24. Commitments for expenditure

Capital and operating expenditure commitments

Capital and operating expenditure commitments at reporting date are inclusive of non-recoverable GST. Darling Downs Health has capital and operating expenditure commitments contracted for at reporting date but not recognised in the financial statements. Capital projects are included as commitments for the remaining project amounts. Each of these projects is currently at a different stage of the contractual cycle.

	2020	*2019*
	$'000	*$'000*
Committed at the reporting date but not recognised as liabilities:		
Repairs and maintenance	2,090	2,317
Supplies and services	7,320	7,254
Capital projects	33,368	4,216
Total capital and operating expenditure commitments	**42,778**	**13,787**
Committed at the reporting date but not recognised as liabilities:		
Within one year	42,758	13,390
One to five years	20	397
Total capital and operating expenditure commitments	**42,778**	**13,787**

25. Contingencies

(a) Litigation in progress

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). Darling Downs Health's liability in this area is limited to an excess of $20,000 per insurance event (refer Note 10 (a) Insurance premiums). Darling Downs Health's legal advisers and management believe it is not possible to make a reliable estimate of the final amounts payable (if any) in respect of the litigation before the courts at this time.

25. Contingencies (continued)

(a) Litigation in progress (continued)

As at 30 June 2020, the following number of cases were filed in the courts naming the State of Queensland acting through Darling Downs Health as defendant.

	2020 Number of cases	2019 Number of cases
Supreme Court	6	3
District Court	2	2
Tribunals, commissions and boards	-	1
	8	**6**

(b) Guarantees and undertakings

As at reporting date, Darling Downs Health held bank guarantees from third parties for capital works projects totalling $98K (2019: $1,217K). These amounts have not been recognised as assets in the financial statements.

26. Restricted assets

Darling Downs Health receives cash contributions primarily from private practice clinicians and from external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests for stipulated purposes. These funds are retained in the Queensland Treasury Corporation Cash Fund.

As at 30 June 2020, amounts are set aside for clinical trials $47,812 (2019: $75,414); clinical research $125,978 (2019: $125,535); health research $133,397 (2019: $109,738) and other purposes $11,538 (2019: $14,989) for the specific purposes underlying the contribution.

27. Fiduciary trust transactions and balances

(a) Patient fiduciary funds

Darling Downs Health acts in a fiduciary trust capacity in relation to patient fiduciary funds and Right of Private Practice trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patients funds are not controlled by Darling Downs Health, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

Patient fiduciary funds	*2020 $'000*	*2019 $'000*
Balance at the beginning of the year	13,833	13,420
Patient fiduciary fund receipts	22,439	16,583
Patient fiduciary fund payments	(19,842)	(16,170)
Balance at the end of the year	**16,430**	**13,833**
Closing balance represented by:		
Cash at bank and on hand	846	907
Refundable patient fiduciary fund deposits *	15,584	12,926
Patient fiduciary fund assets closing balance 30 June	**16,430**	**13,833**

* Following the introduction of new aged care agreements from 1 July 2014 by the Commonwealth Department of Health and Ageing, Darling Downs Health is required to manage payments from residents for refundable accommodation deposits and daily accommodation payments. These funds are treated in a similar manner to patient fiduciary funds, however interest earned is offset against operating and capital costs of the facilities concerned.

27. Fiduciary trust transactions and balances (continued)

(b) Right of private practice (RoPP) scheme

A Right of Private Practice (RoPP) arrangement is where clinicians are able to use Darling Downs Health's facilities to provide professional services to private patients. Darling Downs Health acts as a billing agency in respect of services provided under a RoPP arrangement. Under the arrangement, Darling Downs Health deducts from private patient fees received, a service fee (where applicable) to cover costs associated with the use of Darling Downs Health's facilities and administrative support provided to the medical officer. In addition, where applicable under the agreement, some funds are paid to the General Trust. These funds are used to provide staff with grants for study, research, or educational purposes. Transactions and balances relating to the RoPP arrangement are outlined in the following table.

Right of Private Practice (ROPP) receipts and payments	*2020*	*2019*
	$'000	*$'000*
Receipts		
Private practice receipts	4,456	4,466
Bank interest	4	6
Total receipts	**4,460**	**4,472**
Payments		
Payments to medical officers	602	532
Payments to Darling Downs Health for recoverable costs	3,853	3,900
Payments to Darling Downs Health's General Trust	4	40
Total payments	**4,460**	**4,472**
Increase in net private practice assets	**-**	**-**
Current assets		
Cash - RoPP	398	397
Total current assets	**398**	**397**
Current liabilities		
Payable to medical officers	28	23
Payable to Darling Downs Health for recoverable costs	366	365
Payable to Darling Downs Health's General Trust	4	9
Total current liabilities	**398**	**397**

28. Controlled entities

As at 30 June 2020 Darling Downs Health does not have a controlling interest in any entity.

29. Budget to actual comparison

This section discloses Darling Downs Health's original published budgeted figures for 2019-20 compared to actual results, with explanations of major variances, in respect of the Darling Downs Health's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The original budget has been reclassified to be consistent with the presentation and classification adopted in the financial statements.

Statement of Comprehensive Income

	Variance Note	*Original Budget 2020 $'000*	*Actual 2020 $'000*	*Variance* 2020 $'000*
Income from continuing operations				
Funding for public health services	1	742,832	770,599	27,767
User charges and fees	2	57,788	64,061	6,273
Grants and other contributions		44,105	45,197	1,092
Interest		444	377	(67)
Other revenue		2,124	3,048	924
Total revenue		**847,293**	**883,282**	**35,989**
Gains on disposal/revaluation of assets		-	320	320
Total income from continuing operations		**847,293**	**883,602**	**36,309**
Expenses from continuing operations				
Employee expenses		83,933	86,535	(2,602)
Health service employee expenses	3	511,190	530,137	(18,947)
Supplies and services	4	212,758	231,821	(19,063)
Grants and subsidies		1,270	2,949	(1,679)
Depreciation and amortisation		32,372	35,370	(2,998)
Impairment losses		1,594	1,166	428
Loss on revaluation of non-current assets		-	369	(369)
Finance/ borrowing costs		-	53	(53)
Other expenses		4,176	3,881	295
Total expenses from continuing operations		**847,293**	**892,281**	**(44,988)**
Operating result from continuing operations		**-**	**(8,679)**	**(8,679)**
OTHER COMPREHENSIVE INCOME				
Items not recyclable to operating result				
Increase/(decrease) in asset revaluation surplus		-	4,603	4,603
Total items not recyclable to operating result		**-**	**4,603**	**4,603**
Total other comprehensive income		**-**	**4,603**	**4,603**
TOTAL COMPREHENSIVE INCOME		**-**	**(4,076)**	**(4,076)**

** Favourable / (Unfavourable)*

29. Budget to actual comparison (continued)

Statement of Financial Position

	Variance Note	Original Budget 2020 $'000	Actual 2020 $'000	Variance* 2020 $'000
Current assets				
Cash and cash equivalents	1	50,564	56,002	5,438
Receivables		8,919	6,775	(2,144)
Inventories		6,769	7,289	520
Other current assets	2	1,033	7,128	6,095
Total current assets		**67,285**	**77,194**	**9,909**
Non-current assets				
Property, plant and equipment	3	404,827	438,627	33,800
Right-of-use assets		-	2,896	2,896
Total non-current assets		**404,827**	**441,523**	**36,696**
Total assets		**472,112**	**518,717**	**46,605**
Current liabilities				
Payables	4	42,563	54,396	11,833
Lease Liabilities		-	1,020	1,020
Accrued employee benefits		2,919	4,058	1,139
Unearned revenue	5	377	5,560	5,183
Total current liabilities		**45,859**	**65,034**	**19,175**
Non-current liabilities				
Lease Liabilities		-	1,776	1,776
Total non-current liabilities		**-**	**1,776**	**1,776**
Total liabilities		**45,859**	**66,810**	**20,951**
Net assets		**426,253**	**451,907**	**67,556**
Equity				
Contributed equity	6	240,803	277,434	36,631
Accumulated surplus/(deficit)	7	60,440	53,427	(7,013)
Asset revaluation surplus		125,010	121,046	(3,964)
Total equity		**426,253**	**451,907**	**25,654**

** Favourable / (unfavourable)*

29. Budget to actual comparison (continued)

Statement of Cash Flows

	Variance Note	*Original Budget 2020 $'000*	*Actual 2020 $'000*	*Variance* 2020 $'000*
Cash flows from operating activities				
Inflows:				
Funding for public health services	1	710,460	732,754	22,294
User charges and fees	2	56,159	67,901	11,742
Grants and other contributions		35,837	36,800	963
Interest receipts		444	377	(67)
GST input tax credits from ATO		12,033	15,499	3,466
GST collected from customers		-	819	819
Other		2,124	3,049	925
Total cash provided by operating activities		**817,057**	**857,199**	**40,142**
Outflows:				
Employee expenses		83,931	85,962	(2,031)
Health service employee expenses	3	511,190	524,993	(13,803)
Supplies and services	4	201,134	219,628	(18,494)
Grants and subsidies		1,270	2,774	(1,504)
Finance/ borrowing costs		-	53	(53)
GST paid to suppliers		12,033	16,544	(4,511)
GST remitted to ATO		-	756	(756)
Other		4,305	3,723	582
Total cash used in operating activities		**813,863**	**854,433**	**(40,570)**
Net cash provided by / (used in) operating activities		**3,194**	**2,766**	**(428)**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment		-	464	464
Total cash provided by investing activities		**-**	**464**	**464**
Outflows:				
Payments for property, plant and equipment	5	15,630	59,717	(44,087)
Total cash used in investing activities		**15,630**	**59,717**	**(44,087)**
Net cash provided by / (used in) investing activities		**(15,630)**	**(59,253)**	**(43,623)**
Cash flows from financing activities				
Inflows:				
Proceeds from equity injections	6	6,443	49,404	42,961
Total cash provided by financing activities		**6,443**	**49,404**	**42,961**
Outflows:				
Lease payments		-	1,296	1,296
Total cash used in financing activities		**-**	**1,296**	**1,296**
Net cash provided by / (used in) financing activities		**6,443**	**48,108**	**41,665**
Net increase in cash and cash equivalents		**(5,993)**	**(8,379)**	**(2,386)**
Cash and cash equivalents at beginning of financial year		56,557	64,381	7,824
Cash and cash equivalents at end of financial year		**50,564**	**56,002**	**5,438**

* Favourable / (unfavourable)

29. Budget to actual comparison (continued)

Statement of Comprehensive Income variance notes

1 Funding for public health services exceeded the original budget by $27.8M. Darling Downs Health received these additional funds through amendments to the service level agreement with DoH. These amendments included $7.8M for activities related to COVID-19 preparedness, $5.4M for enterprise bargaining agreements, $5.1M for additional activity including $1.0M for maintaining no long waits for elective surgery, $3.0M for depreciation, $2.5M for nurse ratios in aged care and mental health facilities, $1.7M for Evolve therapeutic mental health services, and $1.5M for the treatment of dental patients. Offsetting these increases in funding were reductions for changes in the model for supply services with Health Support Queensland ($1.4M) and the initial adoption of AASB 16 *Leases* ($1.3M).

2 User charges and fees exceeded the original budget by $6.3M. The variance is predominately due to the recovery of non-capital expenditure from DoH ($8.1M). Projects funded by DoH include the preparation of business cases for redevelopment of Toowoomba Hospital ($6.5M) and for a day surgery unit at Toowoomba ($1.5M), and the Kingaroy Hospital Redevelopment ($0.6M).

3 Health service employee expenses exceeded the original budget by $18.9M. $7.1M relates to an increase of 60 FTE. The FTE increase is due to increased investment in allied health services to support the delivery of health care (19 FTE), additional investment in operational services including catering, security and linen services due to increased activity levels (32 FTE) and the recruitment of additional medical officers (11 FTE). $11.7M is due to increased cost per FTE driven by enterprise bargaining agreements ratified during the financial year including a one-off $1,250 payment to each eligible nurse and medical officer as part of the Public Sector Wages Policy.

4 Supplies and services exceeded the original budget by $19.1M. Additional expenditure was incurred for minor works including preparation of business cases for the Toowoomba Hospital Redevelopment ($6.5M) and the Toowoomba Day Surgery Unit ($1.5M). The Board invested $3.1M from retained earnings into security works across rural and mental health facilities. Expenditure on Consultants and contractors exceeded the original budget by $3.4M predominately due to the use of contract medical and nursing officers to cover short term vacancies within the Health Service. Outsourced service delivery contracts (clinical services) exceeded the original budget by $5.5M. Major factors contributing to above budget expenditure in Outsourced service delivery contracts (clinical services) include $1.4M for dental activity funded through the National Partnership Agreement, $1.7M for medical imaging services predominately due to Radiologist vacancies within Toowoomba, and $0.5M for additional surgical procedures in order to prevent long waits for elective surgery.

Statement of Financial Position variance notes

1 Cash and cash equivalents exceeded the original budget by $5.4M. Cash and cash equivalents at the beginning of the year exceeded the original budget by $7.8M due to both 2018-19 payables ($5.9M) and operating surplus ($1.7M) being higher than budgeted.

2 Other current assets exceeded the original budget by $6.1M. This was predominately due to the initial adoption of AASB 15 *Revenue for Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* ($5.9M). Contract assets include $2.3M for revenue accrued under the service level agreement with DoH, $0.9M for project recoveries from DoH, $0.7M for specialist training programs, $0.4M under the pharmaceutical benefits reimbursement scheme, and $0.4M for private practice arrangements.

3 Property, plant and equipment exceeded the original budget by $33.8M primarily due to capital works in progress including the Kingaroy Hospital Redevelopment project ($36.9M). Asset valuations were below the original budget by $4.0M due to the continuing affects of drought and reduced mining activity.

4 Payables exceeded the original budget by $11.8M. Payables to DoH have increased $3.9M including $2.4M for funding returnable under the service level agreement and $1.5M for supplies provided by Health Support Queensland. Accrued contract labour with DoH exceeded the original budget by $3.0M due to increases in both the cost per FTE and number of FTE. $4.5M in payables for the Kingaroy Hospital Redevelopment project were recognised at year end.

5 Unearned revenue exceeded the original budget by $5.2M. This was predominately due to the initial adoption of AASB 15 *Revenue for Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*. Contract liabilities include $3M for the Rural Junior Doctor Training Innovation Fund, $0.7M for a donation for the construction of a helipad at Tara and $0.6M for services to be delivered to clients with home care packages.

29. Budget to actual comparison (continued)

Statement of Financial Position variance notes (continued)

6 Contributed equity was $36.6M above budgeted levels due to the timing of capital projects including the Kingaroy Hospital Redevelopment ($30.6M), the Health Technology Equipment Replacement Program ($1.6M) and COVID-19 preparations ($1.5M). $1.3M was due to the initial adoption of AASB16 *Leases.*

7 The movement in Accumulated surplus/(deficit) is consistent with the movement in the Operating result from continuing operations in the Statement of Comprehensive Income.

Statement of Cash Flow variance notes

1 The movement in Funding for public health services is consistent with the movement in Funding for public health services in the Statement of Comprehensive Income.

2 The movement in User charges and fees is consistent with the movement in User charges and fees in the Statement of Comprehensive Income.

3 The movement in Health service employee expenses is consistent with the movement in Health service employee expenses in the Statement of Comprehensive Income.

4 The movement in Supplies and services is consistent with the movement in Supplies and services in the Statement of Comprehensive Income.

5 Payments for property, plant and equipment exceeded the original budget by $44.1M. This was primarily due to the timing of capital works projects including the Kingaroy Hospital Redevelopment ($39.9M), the Health Technology Equipment Replacement Program ($1.6M), and COVID-19 preparations ($2.5M).

6 Proceeds from equity injections is consistent with the movement in Contributed equity in the Statement of Financial Position.

30. Significant financial impacts from COVID-19 pandemic

The following significant transactions were recognised by Darling Downs Health during the 2019-20 financial year in response to the COVID-19 pandemic.

Statement of Operating Position

Significant expense items arising from COVID-19

	$'000
Public hospital care	3,029
Clinical support costs	1,029
Workforce management	957
Community screening	707
Aged and disability care	589
Public health	447
System management	168
Disaster management	147
System support	102
Expenses relating to COVID-19 response	**7,175**
Other expenses (funding received for COVID-19 response to be returned)	605
Total Expenses	**7,780**

Significant revenue items arising from COVID-19

Additional revenue to fund COVID-19 initiatives	**7,780**

30. Significant financial impacts from COVID-19 pandemic (continued)

Statement of Financial Position

	$'000
Significant changes in assets arising from COVID-19	
Funding receivable to fund COVID-19 initiatives	536
Property, plant and equipment	2,487
	3,023
Significant changes in liabilities arising from COVID-19	
Return unexpended funding for COVID-19 initiatives	**605**
Significant equity transactions arising from COVID-19	
Equity transfers to fund asset property, plant and equipment acquisitions	**1,528**

31. Key management personnel and remuneration

(a) Board members

The following details for Board members include those positions that had authority and responsibility for planning, directing and controlling the activities of Darling Downs Health during 2019-20.
Further information on these positions can be found in the body of the Annual Report under the section relating to Governing our Organisation.

Name (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Post-Employment Expenses	Total Remuneration
				Base $'000	Non-Monetary Benefits $'000	$'000	$'000
Mike Horan AM	Chair	Government Board B1	**2020**	80	-	8	88
18 May 2012			**2019**	80	-	7	87
Dr Dennis Campbell	Deputy Chair	Government Board B1	**2020**	50	-	5	55
29 June 2012			**2019**	50	-	5	55
Cheryl Dalton	Board Member	Government Board B1	**2020**	46	-	4	50
29 June 2012			**2019**	47	-	4	51
Dr Ross Hetherington	Board Member	Government Board B1	**2020**	46	-	4	50
29 June 2012			**2019**	46	-	4	50
Patricia Leddington-Hill	Board Member	Government Board B1	**2020**	47	-	4	51
9 November 2012			**2019**	47	-	4	51
Megan O'Shannessy	Board Member	Government Board B1	**2020**	46	-	4	50
18 May 2013			**2019**	43	-	4	47
Marie Pietsch	Board Member	Government Board B1	**2020**	46	-	4	50
29 June 2012			**2019**	49	-	5	54
Dr Ruth Terwijn	Board Member	Government Board B1	**2020**	46	-	4	50
17 May 2016			**2019**	46	-	4	50
Professor Julie Cotter	Board Member	Government Board B1	**2020**	47	-	4	51
18 May 2017			**2019**	46	-	4	50
Associate Professor Maree Toombs	Board Member	Government Board B1	**2020**	4	-	1	5
18 May 2020			**2019**		-		-

The date of appointment shown for Board members is the original date of appointment. From time to time, Board members are re-appointed in accordance with *Hospital and Health Boards Act 2011*.

31. Key management personnel and remuneration (continued)

(b) Executive

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Darling Downs Health. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

i) Darling Downs Health Executives (Employed by Darling Downs Health)

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Dr Peter Gillies Health Service Chief Executive 18 January 2016	Responsible for the overall management of Darling Downs Health through major functional areas to ensure the delivery of key government objectives in improving the health and well-being of all Darling Downs residents.	s24 & s70 Appointed by Board under *Hospital and Health Boards Act 2011 (Section 7(3))*	**2020**	520	3	11	45	-	579
			2019	472	4	9	39	-	524
Shirley-Anne Gardiner Executive Director Toowoomba Hospital 1 August 2016	Provides single point accountability and leadership for Toowoomba Hospital.	HES 2-3 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	210	-	5	16	-	231
			2019	204	-	4	18	-	226
Joanne Shaw Executive Director Rural Services 30 April 2018	Provides single point accountability and leadership for the Rural Division within Darling Downs Health. This Division includes twenty hospital and health care services, including co-located residential aged care services, and Mt Lofty Heights Residential Aged Care Facility.	HES 2-3 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	196	-	4	20	-	220
			2019	206	-	4	20	-	230

31. Key management personnel and remuneration (continued)

(b) Executive (continued)

i) Darling Downs Health Executives (Employed by Darling Downs Health) (continued)

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Malcolm Neilson Executive Director Mental Health Alcohol and Other Drug Services 27 June 2016	Provides single point accountability and leadership for Darling Downs Health's Mental Health, Alcohol and Other Drugs services, including acute in-patient services at Toowoomba Hospital, extended in-patient services at Baillie Henderson Hospital and ambulatory care services located throughout Darling Downs Health.	HES 2-3 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	199	-	4	20	-	223
			2019	201	-	4	20	-	225
Jane Ranger Chief Finance Officer 22 August 2016	Provides single point accountability for the Finance Division and coordinates Darling Downs Health's financial management consistent with the relevant legislation and policy directions to support high quality health care within Darling Downs Health.	HES 2-3 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	230	-	5	23	-	258
			2019	200	-	4	20	-	224
Paul Clayton Executive Director Infrastructure 14 October 2016	Provides single point accountability for the Infrastructure Division and coordinates Darling Downs Health's infrastructure projects to support high quality health care within Darling Downs Health.	HES 2-3 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	223	-	5	22	-	250
			2019	211	-	4	21	-	236
Julian Tommei Executive Director Legal and Governance 14 December 2018	Provides leadership, direction, and management of corporate governance and legal activities, and provides assurance to the Board, Health Service Chief Executive and senior management that compliance with legal, financial, corporate or statutory obligations is being maintained.	HES 2-1 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	184	-	4	15	-	203
			2019	48	-	1	5	-	54

31. Key management personnel and remuneration (continued)

(b) Executive (continued)

i) Darling Downs Health Executives (Employed by Darling Downs Health) (continued)

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $,000	Non-Monetary Benefits $,000	$,000	$,000	$,000	$,000
Hayley Farry Executive Director Workforce 3 September 2018	Provides executive leadership for workforce services of Darling Downs Health. The position leads Human Resources, People and Culture, Work Health and Safety and Emergency preparedness functions to support employee engagement, safety and productivity to meet service delivery needs.	HES 2-1 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	196	-	4	19	-	219
			2019	161	-	3	16	-	180
Chris Neilsen Acting Executive Director Workforce 12 March 2018 to 13 September 2018	Provides executive leadership for workforce services of Darling Downs Health. The position leads Human Resources, People and Culture, Work Health and Safety and Emergency preparedness functions to support employee engagement, safety and productivity to meet service delivery needs.	HES 2-1 Appointed by Chief Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	-	-	-	-	-	-
			2019	50	-	1	4	-	55

31. Key management personnel and remuneration (continued)

(b) Executive (continued)

i) Darling Downs Health Executives (Employed by Darling Downs Health) (continued)

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $,000	Non-Monetary Benefits $,000	$,000	$,000	$,000	$,000
Dr Hwee Sin Chong Executive Director Queensland Rural Medical Service 24 July 2017	Provides executive leadership for Queensland Country Practice (QCP), including, Relieving Services, Service and Workforce Design and Medical Education Pathways which are all delivered on a State-wide basis. Provides leadership for the promotion of clinical service improvement, consumer satisfaction, clinician engagement, clinical governance, professional and clinical standards as well as clinical workforce education.	20MMOI1 Appointed by Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	498	1	11	36	-	546
Acting Executive Director Medical Services 24 February 2020	Provides professional leadership for the medical services of Darling Downs Health. Leads the development and implementation of strategies that will ensure the medical workforce is aligned with identified service delivery needs, and an appropriately qualified, competent and credentialed workforce is maintained. In addition, the position oversees Medical Research and Clinical Governance, including patient safety and quality.		**2019**	463	1	9	34	-	507

31. Key management personnel and remuneration (continued)

(b) Executive (continued)

i) Darling Downs Health Executives (Employed by Darling Downs Health) (continued)

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $,000	Non-Monetary Benefits $,000	$,000	$,000	$,000	$,000
Dr Dilip Dhupella Acting Executive Director Queensland Rural Medical Service 18 November 2020	Provides executive leadership for Queensland Country Practice (QCP), including, Relieving Services, Service and Workforce Design and Medical Education Pathways which are all delivered on a State-wide basis. Provides leadership for the promotion of clinical service improvement, consumer satisfaction, clinician engagement, clinical governance, professional and clinical standards as well as clinical workforce education.	20MMOI1 Appointed by Executive (CE) under *Section 74 Hospital and Health Boards Act 2011*	**2020**	234	-	5	17	-	256
			2019	-	-	-	-	-	-
Dr Martin Byrne Executive Director Medical Services 11 July 2016 to 23 February 2020	Provides professional leadership for the medical services of Darling Downs Health. Leads the development and implementation of strategies that will ensure the medical workforce is aligned with identified service delivery needs, and an appropriately qualified, competent and credentialed workforce is maintained. In addition, the position oversees Medical Research and Clinical Governance, including patient safety and quality.	20MMOI1 Appointed by Chief Executive (CE) under *Section 67(2) Hospital and Health Boards Act 2011*	**2020**	264	1	5	18	-	288
			2019	436	1	9	31	-	477

31. Key management personnel and remuneration (continued)

(b) Executive (continued)

ii) Darling Downs Health Executives employed by the Department of Health under Award

Name and position (date appointed and date resigned if applicable)	Responsibilities	Contract classification and appointment authority	Year	Short-term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Remuneration
				Base $,000	Non-Monetary Benefits $,000	$,000	$,000	$,000	$,000
Andrea Nagle Executive Director Nursing and Midwifery Services 24 July 2017	Provides professional leadership for the nursing services of Darling Downs Health. The position leads the development of strategies that will ensure the nursing and midwifery workforce is aligned with service delivery needs.	Nursing and Midwifery - NRG 13-2	**2020**	272	-	6	28	-	306
			2019	235	-	4	23	-	262
Karen Abbott Executive Director Nursing and Midwifery Services 15 August 2016 to 8 October 2018	Provides professional leadership for the nursing services of Darling Downs Health. The position leads the development of strategies that will ensure the nursing and midwifery workforce is aligned with service delivery needs.	Nursing and Midwifery - NRG 13-2	**2020**	-	-	-	-	-	-
			2019	7	-	(1)	(5)	-	1
Annette Scott* Executive Director Allied Health 4 August 2014	Provides single point accountability and leadership, strategic planning, delivery and evaluation of the Allied Health Professional functions, and Commonwealth Programs, within Darling Downs Health, to optimise quality health care and business outcomes.	Health Practitioner - HP8-4	**2020**	217	-	5	24	-	246
			2019	218	-	4	20	-	242
Michelle Cleary Acting Executive Director Allied Health 27 March 2020	Provides single point accountability and leadership, strategic planning, delivery and evaluation of the Allied Health Professional functions, and Commonwealth Programs, within Darling Downs Health, to optimise quality health care and business outcomes.	Health Practitioner - HP8-1	**2020**	81	-	2	8	-	91
			2019	-	-	-	-	-	-

*During the 2019-20 financial year, the officer occupying the Executive Director Allied Health position was seconded to lead the Darling Downs Health COVID-19 response team.

31. Key management personnel and remuneration (continued)

(c) KMP Remuneration Policy

As from 2016-17, the Minister for Health is identified as part of Darling Downs Health's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures.*

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Darling Downs Health does not bear the cost of remunerating Ministers. The majority of 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 Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

The Governor in Council approves the remuneration arrangements for Hospital and Health Board Chair, Deputy Chair and Members. The Chair, Deputy Chair and Members are paid an annual salary consistent with the Government policy titled: *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities.*

The remuneration policy for Darling Downs Health's Executive personnel is set by the Director-General, Department of Health, as provided for under the *Hospital and Health Boards Act 2011* . The remuneration and other terms of employment for the executive management personnel are specified in employment contracts. In the current reporting period, the remuneration of executive management personnel did not increase (2019: 0.0%), in accordance with Government policy.

Remuneration expenses for executive management personnel comprise the following components:

- Short-term employee expenses which include:
  - (i) Base – consisting of base salary, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was key management personnel. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income; and
  - (ii) Non-monetary benefits – consisting of provision of vehicle and expense payments together with fringe benefits tax applicable to the benefit. Amounts disclosed equal the taxable value of motor vehicles provided to key management personnel including any fringe benefit tax payable;
- Long term employee expenses include long service leave entitlements earned;
- Post employment benefits include amounts expensed in respect of employer superannuation obligations;
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination;
- There were no performance bonuses paid in the 2019-20 financial year.

32. Related party transactions

(a) Transactions with joint control entities

As at 30 June 2020 Darling Downs Health does not have a controlling interest in any entity. Darling Downs Health has joint operational control of Southern Queensland Rural Health (SQRH), in collaboration with University of Queensland (UQ), University of Southern Queensland (USQ), and South West Hospital and Health Service (SWHHS). Darling Downs Health provides a building at the Baillie Henderson Hospital campus for the exclusive use of SQRH.

(b) Transactions with KMP or persons and entities related to KMP

A company controlled by a KMP member provides services to Darling Downs Health for the purpose of supporting rural doctors, hospitals and health students to work in rural communities. Services provided include education and training, co-ordination of student research activities, maintenance, furniture and equipment at clinical education facilities in line with the training or accommodation requirements of students and co-ordination of accommodation services at rural facilities. The services are provided to Darling Downs Health at no cost.

A company controlled by a KMP member provides services to the DoH for the purpose of providing dementia and neurodegenerative respite services to the value of $990,000 over four years. The company invoiced the DoH for a total c $303K excluding GST (2019: $347K). There are no outstanding balances. A tender was submitted by the company in response to a public advertisement and was selected based on a standard procurement process.

All other transactions in the year ended 30 June 2020 between Darling Downs Health and key management personnel including their related parties were on standard commercial terms and conditions or were immaterial in nature.

(c) Transactions with other Queensland Government controlled entities

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

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

	For the year ending 30 June 2020		At 30 June 2020	
	Revenue Received	Expenditure Incurred	Asset	Liability
	$'000	$'000	$'000	$'000
Entity				
Department of Health	805,402	108,676	2,835	28,968
Queensland Treasury Corporation	351	31	22,089	3

Darling Downs Health receives funding in accordance with a service agreement with the DoH. DoH receives the majority of its revenue from the State Government and the Commonwealth.

Darling Downs Health is funded for eligible services through block funding, activity based funding or a combination of both. Activity based funding is based on an agreed number of activities per the service agreement and a state-wide price. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Hospital and Health Services.

Darling Downs Health purchases a number of supplies and services from the DoH including pharmaceuticals, pathology and laboratory services, Information and Communication Technology, aeromedical transport services, and insurance services.

Darling Downs Health has bank accounts with the Queensland Treasury Corporation for general trust and patient fiduciary trust monies and receives interest and incurs bank fees on these bank accounts.

32. Related party transactions (continued)

(c) Transactions with other Queensland Government controlled entities (continued)

There are a number of other transactions which occur between Darling Downs Health and other government related entities. These transactions include, but are not limited to, superannuation contributions made to QSuper, rent paid to the Department of Housing and Public Works, audit fees paid to the Queensland Audit Office, payments to and receipts from other Hospital and Health Services to facilitate the treatment of patients, pharmaceuticals, staff, training and other incidentals. These transactions are made in the ordinary course of Darling Downs Health's business and are on standard commercial terms and conditions.

(d) Other

There are no other individually significant transactions with related parties.

33. Other matters

On 1 August 2019, Darling Downs Health implemented S4/HANA, a new statewide enterprise resource planning (ERP) system, which replaced FAMMIS ERP. The system is used to prepare the general purpose financial statements, and it interfaces with other software that manages revenue, payroll and certain expenditure streams. Its modules are used for inventory and accounts payable management.

IT and application level controls were required to be redesigned and new workflows implemented. Extensive reconciliations were completed on implementation to ensure the accuracy of the data migrated.

34. Events occurring after balance date

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect Darling Downs Health's operations, the results of those operations, or Darling Downs Health's state of affairs in future. financial years.

Management Certificate of Darling Downs Hospital and Health Service

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 Darling Downs Hospital and Health Service for the financial year ended 30 June 2020 and of the financial position of the Darling Downs Hospital and Health Service at the end of that year; and

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

Mike Horan AM

Chair
Darling Downs Hospital and Health Board
25/08/2020

Jane Ranger FCPA GAICD BBus CDec

Chief Finance Officer
Darling Downs Hospital and Health Service
25/08/2020

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of Darling Downs Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Darling Downs 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 2020, 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 2020, 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. These matters were addressed 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.

Fair Value of Buildings $303.87 million.

Refer to the Note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Buildings were material to Darling Downs Hospital and Health Service at balance date, and were measured at fair value using the current replacement cost method. Darling Downs Hospital and Health Service performed a combination of comprehensive revaluation of approximately 12% of its buildings this year with the remaining assets being revalued using indexation. The current replacement cost method comprises: • Gross replacement cost, less • Adjustments for obsolescence. Darling Downs Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs; • developing a unit rate for each of these components, including: - estimating the current cost for a modern substitute (including locality factors and on costs), expressed as a rate per unit (e.g. $/square metre); - identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. • indexing unit rates for subsequent increases in input costs; The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.	Our procedures included, but were not limited to: • Assessing the adequacy of management's review of the valuation process. • Assessing the appropriateness of the components of buildings used for measuring gross replacement costs with reference to common industry practices. • For unit rates associated with buildings that were comprehensively revalued this year: - Assessing the competence, capabilities and objectivity of the experts used to develop the models; - Reviewing the scope and instructions provided to the valuer, and obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices; - On a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: o modern substitute (including locality factors and on costs) o adjustment for excess quality or obsolescence. • For unit rates associated with the remaining buildings: - Evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices; - Recalculate the application of the indices to asset balances. • Evaluating useful life estimates for reasonableness by: - Reviewing management's annual assessment of useful lives; - For specific assets, we analysed the asset management plans for consistency between renewal budgets and the gross replacement of those assets. • Testing that no asset has reached or exceeded its useful life; - Enquiring of management about their plans for assets that are nearing the end of their useful life;

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</td><td>- Reviewing assets with inconsistent relationship between condition and remaining useful life
• Where changes in useful lives were identified, evaluating whether they were supported by appropriate evidence.
• Reconciling the fair value of the buildings as determined by the value to the underlying accounting records and disclosures in the financial statements.</td></tr>
</table>

Implementation of new finance system

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>The Department of Health (the department) is the shared service provider to DDHHS for the management of the financial management information system, and processing of accounts payable transactions in the system. The department replaced its primary financial management information system on 1 August 2019.

The financial management system is the general ledger and it interfaces with other software that manages revenue, payroll and certain expenditure streams. Its modules are used for inventory and accounts payable management.

The replacement of the financial management system increased the risk of error in the control environment of DDHHS.

The implementation of the financial management system was a significant business and IT project for the Queensland Health entities. It included:
• ensuring accuracy and completeness of closing balances transferred between the old and new systems
• establishing system interfaces with other key software programs
• developing and documenting IT general controls and application controls
• establishing and implementing new workflow processes</td><td>We have reported issues relating to internal control weaknesses identified during the course of my audit to those charged with governance of the Department of Health.

We performed the following procedures as part of DDHHS and Service Provider audits:
• assessing the appropriateness of the IT general and application level controls including system configuration of the financial management system by:
- reviewing the access profiles of users with system wide access
- reviewing the delegations and segregation of duties
- reviewing the design, implementation and effectiveness of the key general information technology controls.
• validating account balances from the old system to the new system to verify the accuracy and completeness of data migrated
• documenting and understanding the change in process and controls for how material transactions are processed, and balances are recorded
• assessing and reviewing controls temporarily put in place due to changing system and procedural updates
• undertaking a significant volume of sample testing to obtain sufficient appropriate audit evidence, including:
- verifying the validity of journals processed pre and post go-live
- verifying the accuracy and occurrence of changes to bank account details
- comparing vendor and payroll bank account details</td></tr>
</table>

Key audit matter	How my audit addressed the key audit matter
• cleansing and migrating of vendor and open purchase order master data • training of employees.	- verifying the completeness and accuracy of vendor payments, including testing for potential duplicate payments • assessing the reasonableness of: - the inventory stocktakes for completeness and accuracy - the mapping of the general ledger to the financial statement line items.

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 2020:

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.

26 August 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

Term	Meaning
Accessible	Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.
Accreditation	Accreditation is independent recognition that an organisation, service, program or activity meets the requirements of defined criteria or standards.
Activity Based Funding (ABF)	A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: • capturing consistent and detailed information on hospital sector activity and accurately • measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management's focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
Acute	Having a short and relatively severe course.
Acute hospital	Generally, a recognised hospital that provides acute care and excludes dental and psychiatric hospitals.
Admission	The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).
Allied Health staff (health practitioners)	Professional staff who meet mandatory qualifications and regulatory requirements: audiology, clinical measurement sciences, dietetics and nutrition, exercise physiology, medical imaging, nuclear medicine technology, occupational therapy, orthoptics, pharmacy, physiotherapy, podiatry, prosthetics and orthotics, psychology, radiation therapy, sonography, speech pathology and social work.
Ambulatory	Care provided to patients who are not admitted to the hospital, such as patients of emergency departments, outpatient clinics and community based (non-hospital) healthcare services.
Antenatal	Antenatal care constitutes screening for health, psychosocial and socioeconomic conditions likely to increase the possibility of specific adverse pregnancy outcomes, providing therapeutic interventions known to be effective, and educating pregnant women about planning for safe birth, emergencies during pregnancy and how to deal with them (WHO, 2011).
Block funding	Block funding is typically applied for small public hospitals where there is an absence of economies of scale that mean some hospitals would not be financially

	viable under Activity Based Funding (ABF), and for community-based services not within the scope of Activity Based Funding.
Breast screen	A breast screen is an x-ray of the breast that can detect small changes in breast tissue before they can be felt by a woman or her doctor.
Chronic Disease	Diseases which have one or more of the following characteristics: (1) is permanent, leaves residual disability; (2) is caused by non-reversible pathological alteration; (3) requires special training of the individual for rehabilitation, and/or may be expected to require a long period of supervision, observation or care.
Clinical governance	A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.
Clinical Services Capability Framework (CSCF)	The Clinical Service Capability Framework for Public and Licensed Private Health Facilities outlines the minimum support services, staffing, safety standards and other requirements required in both public and private health facilities to ensure safe and appropriately supported clinical services.
Closing the Gap	A government strategy that aims to reduce disadvantage among Aboriginal and Torres Strait Islander people with respect to life expectancy, child mortality, access to early childhood education, educational achievement, and employment outcomes.
Department of Health	The Department of Health is responsible for the overall management of the public sector health system in Queensland and works in partnership with Hospital and Health Services to ensure the public health system delivers high quality healthcare.
Emergency department waiting time	Time elapsed for each patient from presentation to the emergency department to the start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service event.
Endoscopy	Internal examination of either the upper or lower gastro intestinal tract.
Full-time equivalent (FTE)	Refers to full-time equivalent staff currently working in a position.
Governance	Governance is aimed at achieving organisational goals and objectives, and can be described as the set of responsibilities and practices, policies and procedures used to provide strategic direction, ensure objectives are achieved, manage risks, and use resources responsibly and with accountability.
GP (General Practitioner)	A general practitioner is a registered medical practitioner who is qualified and competent for general practice in Australia. General practitioners operate predominantly through private medical practices.
Hospital	Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.
Hospital and Health Board	Hospital and Health Boards are made up of a mix of members with expert skills and knowledge relevant to managing a complex healthcare organisation.
Hospital and Health Service	A Hospital and Health Service (HHS) is a separate legal entity established by the Queensland Government to deliver public hospital services.

ieMR (integrated electronic Medical Record)	The integrated electronic Medical Record system allows healthcare professionals to simultaneously access and update patient information.
Inpatient	A patient who is admitted to a hospital or health service for treatment that requires at least one overnight stay.
Internal audit	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Interns	A medical practitioner in the first postgraduate year, learning further medical practice under supervision.
Key performance indicators	Key performance indicators are metrics used to help a business define and measure progress towards achieving its objectives or critical success factors.
Long wait	A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for an urgent (category 1) operation, more than 90 days for a semi-urgent (category 2) operation and more than 365 days for a routine (category 3) operation.
Medical practitioner	A person who is registered with the Medical Board of Australia to practice medicine in Australia, including general and specialist practitioners.
Minimum Obligatory Human Resource Information (MOHRI)	MOHRI is a whole of Government methodology for producing an occupied Full Time Equivalent (FTE) and headcount value sourced from the Queensland Health payroll system data for reporting and monitoring.
Multidisciplinary team	Health professionals employed by a public health service who work together to provide treatment and care for patients. They include nurses, doctors, allied health and other health professionals.
Multipurpose Health Service (MPHS)	Provide a flexible and integrated approach to health and aged care service delivery for small rural communities. They are funded through pooling of funds from Hospital and Health Services (HHS) and the Australian Government Department of Health and Ageing.
Occasion of service	Any examination, consultation, treatment or other service provided to a patient.
Outpatient	Non-admitted health service provided or accessed by an individual at a hospital or health service facility.
Outpatient clinic	Provides examination, consultation, treatment or other service to non-admitted nonemergency patients in a speciality unit or under an organisational arrangement administered by a hospital.
Outreach	Services delivered to sites outside of the service's base to meet or complement local service needs.
Palliative care	Palliative care is an approach that improves quality of life of patients and their families facing the problems associated with life threatening illness, through the

	prevention of suffering by means of early identification and assessment and treatment of pain and other problems, physical, psychological and spiritual.
Pastoral care	Pastoral care services exist within a holistic approach to health, to enable patients, families and staff to respond to spiritual and emotional needs, and to the experiences of life and death, illness and injury, in the context of a faith or belief system.
Performance indicator	A measure that provides an 'indication' of progress towards achieving the organisation's objectives. Usually has targets that define the level of performance expected against the performance indicator.
Primary healthcare	Primary healthcare services include health promotion and disease prevention, acute episodic care not requiring hospitalisation, continuing care of chronic diseases, education and advocacy.
Primary Health Network	Primary Health Networks (PHNs) replaced Medicare Locals from July 1 2015. PHNs are established with the key objectives of: • increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes • improving coordination of care to ensure patients receive the right care in the right place at the right time. PHNs work directly with general practitioners, other primary healthcare providers, secondary care providers and hospitals to ensure improved outcomes for patients.
Public hospital	Public hospitals offer free diagnostic services, treatment, care and inpatient accommodation to Medicare eligible patients. Patients who elect to be treated as a private patient in a public hospital, and patients who are not Medicare eligible, are charged for the cost of treatment.
Public patient	A public patient is one who elects to be treated as a public patient, so cannot choose the doctor who treats them, or is receiving treatment in a private hospital under a contract arrangement with a public hospital or health authority.
Queensland Weighted Activity Unit	QWAU is a standardised unit to measure healthcare services (activities) within the Queensland Activity Based Funding (ABF) model.
Registered Nurse	A person who has completed the prescribed education preparation, demonstrates competence to practise, and is registered under the Health Practitioner Regulation National Law as a registered nurse in Australia.
Renal dialysis	Renal dialysis is a medical process of filtering the blood with a machine outside of the body.
Risk	The effect of uncertainty on the achievement of an organisation's objectives.
Risk management	A process of systematically identifying hazards, assessing and controlling risks, and monitoring and reviewing activities to make sure that risks are effectively managed.
Safety and Reliability Improvement Partners	Safety and Reliability Improvement Partners are an exclusive group of healthcare organisations, led by the Cognitive Institute, committed to a quantum leap in the delivery of safer and reliable healthcare.

Separation	The process by which an episode of care for an admitted patient ceases. A separation may be formal or statistical.
Service Delivery Statement (SDS)	Service Delivery Statements provide budgeted financial and non-financial information for the budget year https://www.treasury.qld.gov.au/resource/service-deliverystatements/
Speaking Up for Safety (SUFS)	A Cognitive Institute program implemented by Darling Downs Health to promote safety in the workplace.
Statutory bodies / authorities	A non-departmental government body, established under an Act of Parliament.
Sub-acute	Sub-acute care focuses on continuation of care and optimisation of health and functionality.
Telehealth	Delivery of health-related services and information via telecommunication technologies, including: • live, audio and/or video inter-active links for clinical consultations and educational purposes • store-and-forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists • Telehealth services and equipment to monitor people’s health in their home.
Triage category	Urgency of a patient’s need for medical and nursing care.
Visiting Medical Officer	A medical practitioner who is employed as an independent contractor or an employee to provide services on a part time, sessional basis.
Weighted Activity Unit (WAU)	A single standard unit used to measure all activity consistently.
Weighted Occasions Of Service (WOOS)	A costing standard whereby every occasion of service receives the same cost.

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	3
Accessibility	• Table of contents • Glossary	ARRs – section 9.1	4 106
	• Public availability	ARRs – section 9.2	1
	• Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	1
	• Copyright notice	Copyright Act 1968 ARRs – section 9.4	1
	• Information licensing	QGEA – information licensing ARRs – section 9.5	1
General information	• Introductory information	ARRs – section 10.1	7
	• Machinery of government changes	ARRs – section 10.2, 31 and 32	(not applicable)
	• Agency role and main functions	ARRs – section 10.2	8
	• Operating environment	ARRs – section 10.3	15-18
Non-financial performance	• Government's objectives for the community	ARRs – section 11.1	5
	• Other whole-of-government plans / specific initiatives	ARRs – section 11.2	5-6
	• Agency objectives and performance indicators	ARRs – section 11.3	9, 40-43
	• Agency service areas and service standards	ARRs – section 11.4	42-43
Financial performance	• Summary of financial performance	ARRs – section 12.1	44-45
	• Organisational structure	ARRs – section 13.1	30

Summary of requirement		Basis for requirement	Annual report reference
Governance – management and structure	• Executive management	ARRs – section 13.2	19-29
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	114-116
	• Public sector ethics	Public Sector Ethics Act 1994 ARRs – section 13.4	38
	• Human rights	Human Rights Act 2019 ARRs – section 13.5	39
	• Queensland public service values	ARRs – section 13.6	9
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	37
	• Audit committee	ARRs – section 14.2	25
	• Internal audit	ARRs – section 14.3	37
	• External scrutiny	ARRs – section 14.4	38
	• Information systems and recordkeeping	ARRs – section 14.5	38
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	34-37
	• Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	37
Open Data	• Statement advising publication of information	ARRs – section 16	1
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	100

Summary of requirement		Basis for requirement	Annual report reference
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	101-105

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

Appendix 1

Annual report requirements for Queensland Government agencies for the 2019–20 reporting period

Section 13.3 Government bodies (statutory bodies and other entities)

<table>
<tr><td colspan="6">Name of Government body: Darling Downs Hospital and Health Service Board</td></tr>
<tr><td>Act or instrument</td><td colspan="5">Hospital and Health Board Act 2011</td></tr>
<tr><td>Functions</td><td colspan="5">The Board provides governance of Darling Downs Hospital and Health Service and is responsible for strategic direction, oversight of financial performance, delivery of quality health outcomes and engagement with consumers and the community.</td></tr>
<tr><td>Achievements</td><td colspan="5">Overseeing:
• the Kingaroy Hospital Redevelopment Project through the construction phase in 2019/20
• the development of the Toowoomba Hospital Redevelopment Project Detailed Business Case including community consultation
• the development of the Strategic Plan 2020-24
• the completion of the Clive Berghofer Renal Home Dialysis Service at Toowoomba Hospital
• the safe response to the COVID-19 pandemic including recovery plan.</td></tr>
<tr><td>Financial reporting</td><td colspan="5">Not exempted from audit by the Auditor-General.
Annual financial statements are audited by the QAO.
Transactions are accounted for in the annual financial statement.</td></tr>
<tr><td colspan="6">Remuneration</td></tr>
<tr><th>Position</th><th>Name</th><th>Meetings/sessions attendance</th><th>Approved annual, sessional or daily fee</th><th>Approved sub-committee fees if applicable</th><th>Actual fees received</th></tr>
<tr><td>Chair</td><td>Mr Mike Horan AM</td><td>11 of 11
Board Meetings

11 of 11
Executive Committee</td><td>$75,000 pa</td><td>$4,000 pa
Chair, Executive Committee</td><td>$89,223</td></tr>
<tr><td>Deputy Chair</td><td>Dr Dennis Campbell</td><td>10 of 11
Board Meetings

9 of 11
Executive Committee

9 of 11
Finance Committee

3 of 4</td><td>$40,000 pa</td><td>$4,000 pa
Chair, Finance Committee

$3,000 pa
Member, Executive Committee

$3,000 pa</td><td>$54,984</td></tr>
</table>

		Audit & Risk Committee		Member, Audit & Risk Committee	
Board Member	**Professor Julie Cotter**	10 of 11 Board Meetings 11 of 11 Finance Committee 4 of 4 Audit & Risk Committee	$40,000 pa	$3,000 pa Member, Finance Committee $4,000 pa Chair, Audit & Risk Committee	$51,903
Board Member	**Ms Cheryl Dalton**	10 of 11 Board Meetings 4 of 4 Audit & Risk Committee 3 of 6 Safety & Quality Committee	$40,000 pa	$3,000 pa Member, Audit & Risk Committee $3,000 pa Member, Safety & Quality Committee	$51,266
Board Member	**Dr Ross Hetherington**	10 of 11 Board Meetings 9 of 11 Executive Committee 4 of 6 Safety & Quality Committee	$40,000 pa	$3,000 pa Member, Executive Committee $3,000 pa Member, Safety & Quality Committee	$53,794
Board Member	**Ms Trish Leddington-Hill**	11 of 11 Board Meetings 4 of 4 Audit & Risk Committee 6 of 6 Safety & Quality Committee	$40,000 pa	$3,000 pa Member, Audit & Risk Committee $4,000 pa Chair, Safety & Quality Committee	$56,382
Board Member	**Ms Megan O'Shannessy**	10 of 11 Board Meetings 9 of 11 Finance Committee	$40,000 pa	$3,000 pa Member, Finance Committee $3,000 pa	$50,198

		5 of 6 Safety & Quality Committee		Member, Safety & Quality Committee	
Board Member	**Ms Marie Pietsch**	11 of 11 Board Meetings 11 of 11 Finance Committee 4 of 4 Audit & Risk Committee	$40,000 pa	$3,000 pa Member, Finance Committee $3,000 pa Member, Audit & Risk Committee	$55,660
Board Member	**Dr Ruth Terwijn**	9 of 11 Board Meetings 10 of 11 Executive Committee 6 of 6 Safety & Quality Committee	$40,000 pa	$3,000 pa Member, Executive Committee $3,000 pa Member, Safety & Quality Committee	$50,425
Board Member	**Associate Professor Maree Toombs**	2 of 11 Board Meetings	$40,000 pa		$5,037
No. scheduled meetings/sessions	11 Board meetings 11 Executive meetings 11 Finance meetings 4 Audit and Risk 6 Safety and Quality				
Total out of pocket expenses	Travel Expenses- $21,419				
Other Board related expenses	Directors Insurance- $13,690 Communications and Computer Levies- $3,389				