

2019–2020  
ANNUAL  
REPORT



# Report objective

This Annual Report fulfils Metro South Health's reporting requirement to the community and to the Minister for Health. It summarises the Hospital and Health Service's results, performance, outlook and financial position for the 2019–20 financial year.

In particular, the report outlines Metro South Health's performance against key objectives identified in the Metro South Health Strategic Plan 2019–2023, as well as the Queensland Government's objectives for the community.

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## Attribution

Content from this Annual Report should be attributed to:  
Metro South Hospital and Health Service Annual Report 2019–2020.

If you have an enquiry regarding this Annual Report, please contact Metro South Health on 07 3176 8057 or email [metrosouthcorro@health.qld.gov.au](mailto:metrosouthcorro@health.qld.gov.au).

## Public availability statement

This report, including the Other Reporting Requirements, can be viewed on Metro South Health's website at [www.metrosouth.health.qld.gov.au/about-us/publications/annual-report](http://www.metrosouth.health.qld.gov.au/about-us/publications/annual-report)

Hard copies of the Annual Report are available by phoning the Office of the Chief Executive, Metro South Health, on 07 3176 8057. Alternatively, you can request a copy by emailing [metrosouthcorro@health.qld.gov.au](mailto:metrosouthcorro@health.qld.gov.au).

## Interpreter service statement



The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the Annual Report, you can contact us on 07 3176 8074 and we will arrange an interpreter to communicate the report to you.

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## Acknowledgement of the Traditional Owners

Metro South Health recognises the traditional custodians of the land and waters where we provide health services. We pay our respects to the traditional peoples, the Yugambeh, Quandamooka, Jaggera, Ugarapul and Turrbal peoples, and to Elders past, present and emerging.

## Closing the Gap

Metro South Health is committed to Closing the Gap in health outcomes and life expectancy between Aboriginal and Torres Strait Islander people and non-Indigenous people.

## Recognition of Australian South Sea Islanders

Metro South Health formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. Metro South Health is committed to fulfilling the *Queensland Government Recognition Statement for Australian South Sea Islander Community* to ensure that present and future generations of Australian South Sea Islanders have equality of opportunity to participate in and contribute to the economic, social, political and cultural life of the State.



**Metro South Health**

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 deliver for presentation to the Parliament the Annual Report 2019-2020 and financial statements for Metro South 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 109 of this annual report.

Yours sincerely

**Janine Walker AM**  
Chair  
Metro South Hospital and Health Board

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# Statement on Queensland Government objectives for the community

Metro South Health contributes to the Queensland Government's objectives for the community by delivering services for the community that are high quality, sustainable, diverse and flexible to changing needs.

## **Create jobs in a strong economy**

With a workforce consisting of approximately 14,158 employees, Metro South Health is one of Queensland's largest employers. The organisation is committed to investing in the skills and diversity of its workforce, flexible working arrangements, supporting current and future leaders, and improving opportunities for women, Aboriginal and Torres Strait Islander people, people from multicultural backgrounds, and people with disabilities.

## **Give all children a great start**

Metro South Health provides a wide range of health services to children within its resident catchment population. The organisation is committed to providing place-based, early intervention projects and strategies that are designed to improve integration of care and improve health equity for children living in vulnerable communities across its region. High quality, family-centred maternity care is integral to giving children the best start in life. Metro South Health provides hospital and community-based maternity care, with current projects to refurbish and expand services at Redland and Logan hospitals.

## **Keep Queenslanders healthy**

Metro South Health delivers clinical care to more than 4,000 people each day – in hospital, in community settings and in the home. The objectives and strategies outlined in the Metro South Health Strategic Plan 2019–23, aim to deliver clinical excellence and better healthcare solutions for patients through redesign and improvement, efficiency and quality.

## **Be a responsive government**

During the unprecedented COVID-19 pandemic, Metro South Health has successfully changed the way it delivers health services to ensure a world-class public health pandemic response, as well as continued, timely access to specialised health services. Through establishing COVID-19 screening clinics, expanding contact tracing capabilities, and increasing hospital bed capacity, Metro South Health rapidly responded to meet the additional pandemic demand. Simultaneously, the increased use of telehealth and telephone consultations, virtual patient monitoring, community-based care, and hygiene protocols, ensured the continued provision of high-quality, patient-centred healthcare, while minimising the spread of infection.

# Other whole-of-Government plans/specific initiatives

## **Queensland Economic Recovery Strategy–Unite and Recover for Queensland Jobs**

In the context of the ongoing COVID-19 pandemic, the *Queensland Economic Recovery Strategy* outlines the Queensland Government’s guiding principles for getting Queenslanders back to work, with a focus on three key priorities:

1. Building vital infrastructure
2. Strengthening Queensland’s industries, and
3. Enabling future growth.

Stage One of the Strategy was announced in May 2020, building on the Government’s initial response to the crisis, while Stage Two (announced in June 2020) is focused on stimulating traditional industries.

As part of Stage One and in the context of the key priority of “Building vital infrastructure”, the Government has committed to fast-tracking the delivery of the State Infrastructure Plan, including maintaining the current State infrastructure investment program at \$51.8billion over the next four years 2019-20 to 22-23.

## **Queensland Government State Infrastructure Plan**

The *Queensland Government State Infrastructure Plan (Part B 2019) (SIP)* identifies that the delivery of sustainable, high quality healthcare requires flexible infrastructure that meets the future demands of Queensland communities. Managing the growing demand for healthcare services while providing equitable access and improving health outcomes continues to be a key area of focus.

Metro South Health completed delivery of the following SIP projects during 2019-20:

- Logan Hospital mental health clinical decision unit (known as the Mental health Lounge). Total estimated cost \$1.5m.
- Logan Hospital modular hospital units (Ward 2M). Total estimated cost \$9m.
- Redland Hospital upgrade (ED and Birth Suites expansion). Total estimated cost \$1.7m.

Metro South Health progressed delivery of the following SIP projects during 2019-20:

- Building Better Hospitals Logan Hospital expansion. Total estimated cost \$460m.
- Building Better Hospitals Logan Hospital maternity services upgrade. Total estimated cost \$15.6m.
- Logan Hospital maternity access road. Total estimated cost \$3m.
- Logan Hospital maternity services upgrade. Total estimated cost \$2.3m.
- Princess Alexandra Hospital cladding project. Total estimated cost \$45.5m.
- Princess Alexandra Hospital rehabilitation (including Spinal Injuries Unit upgrade). Total estimated cost \$1.85m.

During 2019-20, Metro South Health completed the following milestones in the SIP planning pipeline:

- Princess Alexandra Hospital rehabilitation and sub-acute services redevelopment–Preliminary Business Case.
- Redland Hospital expansion–Preliminary Business Case
- Redland Hospital multi-level car park
- Logan Hospital multi-level car park.

## Queensland Government Strategy for Social Infrastructure

The *Queensland Government Strategy for Social Infrastructure (SSI)* seeks to guide the implementation of best practice approaches that add value through partnerships between government, non-government and private-sector organisations. Social Infrastructure focuses on the physical facilities and spaces and how these can enrich the health, wellbeing and economic prosperity of communities.

Meadowbrook (the suburb in which Logan Hospital is located) has been identified as a best-practice pilot project for this approach, through exploring opportunities to support the growing needs of Logan Hospital and better use of the adjacent Loganlea TAFE, with longer-term opportunities to develop a health and education precinct. During 2019–20, this pilot has progressed through the collaborative, multi-agency process to develop a draft Meadowbrook Health and Wellbeing Precinct Master Plan.

## Queensland Whole-of-Government Pandemic Plan

The *Queensland Whole-of-Government Pandemic Plan* provides a strategic outline of the Whole-of-Government (WoG) responses to a disease capable of causing a pandemic to support Queensland Health (QH) as the lead agency.

COVID-19 was declared a Public Health Event of State Significance by the Queensland Government on 22 January 2020. The State Health Emergency Coordination Centre (SHECC) was stood up on 25 January 2020. The Metro South Health Emergency Operations Centre was activated on 29 January 2020 in response to the emerging threat of COVID-19.

Metro South Health developed and implemented a Metro South Health COVID-19 Targeted Action Response Plan (TARP), in the context of the WoG Pandemic Plan and a range of national, state and regional directions for COVID-19 emergency and disaster management response. The TARP identified required target response actions to:

- ensure a proportionate service response;
- support and maintain quality care;
- communicate to engage, empower and build confidence in staff and the community; and
- provide a coordinated and consistent approach.

In addition to engagement with Queensland Health, the Chief Health Officer and the SHECC, Metro South Health engaged comprehensively with its staff as well as external stakeholders, including the Brisbane South Primary Health Network, residential aged care facilities, private health service partners, District Disaster Management Groups, and consumer and carer representatives.

## Healthy ageing: A strategy for older Queenslanders

The *Healthy ageing: A strategy for older Queenslanders* aims to improve health services for older Queenslanders and keep them well for longer.

Metro South Health is delivering on the priorities of the Strategy through the *Brisbane South Older Person's Health and Wellness Strategy 2019-2024*, a collaboration between Metro South Health and the Brisbane South Primary Health Network.

During 2019–20, Metro South Health has delivered the following initiatives to improve health services for older people:

- CARE-PACT—a unique demand management program that focuses on streamlining and educating the care pathway for the frail elderly residents of aged care facilities.
- Geriatric Emergency Department Initiative (GEDI)—to fast track care, improve care coordination with other clinical professionals, fast-track inpatient care, and reduce the need for hospital admission or readmission for elderly patients living within the community.
- Eat Walk Engage—a comprehensive multi-disciplinary program that improves care for older people in hospital, prevents delirium and promotes recovery. Eat Walk Engage is enabling hospitals to be more older-person friendly by supporting older person and carer engagement, local leadership and teamwork, education and training, and environmental redesign.



- Advance Care Planning (ACP) and End-of-Life Care–education sessions and mentorship for GPs and aged care professionals to embed ACP conversations and quality end-of-life practices in care.

### **Every Life: The Queensland Suicide Prevention Plan 2019-2029**

*Every life: The Queensland Suicide Prevention Plan 2019-2029 (Every life)* is a renewed whole-of-government approach to suicide prevention. It outlines Queensland Government led actions which aim to bring about a meaningful reduction in suicide over the next decade. Actions will engage government, non-government, community and private sectors partners. The plan, informed by extensive consultation with a broad range of stakeholders including people with a lived experience, is built across four areas:

- Building resilience by improving wellbeing in our people and communities
- Reducing vulnerability by strengthening support to vulnerable people
- Enhancing responsiveness to suicidality
- Working together to achieve more.

During 2019-20, Metro South Health has delivered the following initiatives to support the *Every life* Plan:

- Logan Hospital mental health lounge–provides a safe and quiet area for our mental health patients to be triaged and treated, while being in close proximity to the emergency department to ensure a cohesive response to individual patient needs
- Logan Youth Step Up Step Down Unit–6-bed service offering intensive, short-term support for young people to ‘step up’ from the community to reduce the likelihood of admission to hospital care. It also enables timely discharge for young people to ‘step down’ from hospital care to support transition to their home and community.
- Queensland Ambulance Service (QAS) Mental Health Co-responder service–Senior Mental Health Clinician paired with a QAS Paramedic to respond to people experiencing a mental health crisis situation. The model provides timely and thorough mental state and risk assessment with management and treatment plans, for people in their own home, using their own resources and supports.
- Joint regional mental health and suicide prevention plan–In progress. Collaboration is ongoing with the Brisbane South Primary Health Network.

# From the Chair and Chief Executive

Metro South Health acknowledges the traditional custodians of the land on which we work and pay our respects to the traditional peoples and to Elders past, present and emerging.

This annual report demonstrates our progress, our challenges and our achievements throughout the year. It also highlights the significant plans and preparations we are making to ensure we continue to deliver quality care that is integrated and accessible for our community well into the future.

There has been little doubt that this past year has brought unprecedented change to our health service, and the health system at large. The COVID-19 pandemic is a public health emergency that has required us as a major provider of healthcare in Queensland to change how we provide care and support the community throughout this significant global event. This report highlights how Metro South Health responded and adapted to this challenge.

As a health service, we mobilised a rapid response to confirmed COVID-19 cases in our community. Our disaster response has been led by our Health Emergency Operations Centres and Public Health Unit, which continue to action an effective and swift response with testing, quarantine management, extensive contact tracing, and Personal Protective Equipment (PPE) management.

We thank our staff for their commitment and our community for their patience and understanding while we continue to respond to this pandemic. At times, there may be impacts on our clinical activity for the safety of both our staff and our patients as we have responded to COVID-19. Some non-urgent services were deferred due to the COVID-19 pandemic, and staff redeployed to essential contact tracing and testing during this time. We continue to remain dynamic and ready to respond to keep our community safe.

A great example of our response to these changing times was the increased use of the Telehealth Virtual Clinic, which enabled patients to continue to receive care without attending hospital during COVID-19 restrictions. Our use of Telehealth over the past year doubled when compared to the previous year from 6,008 to 11,737, and saw many of our clinicians delivering care ‘virtually’ by utilising technology to replicate the workflow of an in-person outpatient clinic in a virtual platform, including virtual waiting rooms and virtual consult rooms.

Meeting the needs of our growing community is vital, and in response to the COVID-19 outbreak, we increased our home-based care by 40 per cent, where many of our appointments were delivered by our hospital in the home staff, taking healthcare on the road and into our patients’ homes.

Throughout all of this change, we have been constantly inspired by the continued professionalism and hard work of our staff. From our cleaners, to our building and maintenance workers, to our nurses and doctors, administration officers and allied health staff - our people are committed to living our core Metro South Health Values of integrity, compassion, accountability, respect, engagement and excellence.

We are here to provide care for our community, and the way our community have responded with understanding to changes in their appointments, visiting hours and calls for increased testing by attending our fever clinics in their thousands has been incredibly heartening. We continue to work collaboratively with our colleagues across the state to respond to COVID-19. The safety of all in our community is paramount.

This year we reviewed the Metro South Health Strategic Plan 2019–23, which provides Metro South Health with our roadmap for four years and affirms that underpinning everything we do is our vision of: ‘Health and wellbeing for all in the community’. Our Strategic Plan is about forming real connections with our consumers and their families and recognising that they are an integral part of the healthcare team. It also reflects Queensland Health’s 10-year vision and strategy, *My health, Queensland’s future: Advancing Health 2026* which aims to make Queenslanders among the healthiest

people in the world by 2026 along with the Queensland Government's objectives for the community in keeping Queenslanders healthy and giving all our children a great start.

As one of the largest health services in Queensland, we are committed to the health and wellbeing of all in our wonderfully diverse community. We are determined to increase our valued consumers' voice in our decision-making and planning and continue to look at ways to better engage with consumers and our partners to achieve meaningful outcomes for our patients and their families. This has continued in the wake of the global pandemic and will continue in the years to come.

We have never been more proud of Metro South Health and we will continue to work in partnership with our staff, partners and consumers to deliver compassionate, high quality care to our patients throughout these unprecedented times, and into the future.

**Dr Peter Bristow**

Chief Executive

Metro South Hospital and Health Service

**Janine Walker AM**

Board Chair

Metro South Hospital and Health Board

# About us

Metro South Hospital and Health Service (hereafter referred to as Metro South Health) is an independent, statutory body, governed by the Metro South Hospital and Health Board, which is accountable to the Queensland Minister for Health and Minister for Ambulance Services. Metro South Health became a Hospital and Health Service (HHS) on 1 July 2012. Under the *Hospital and Health Boards Act 2011*, it is the principal provider of public health services for the community within its geographical area. Under the *Hospital and Health Boards Act 2011*, the Queensland Department of Health is responsible for the overall management of the public health system including state wide planning, and monitoring the performance of Hospital and Health Services. A formal Service Agreement is in place between the Department of Health and Metro South Health that identifies the health services Metro South Health will provide, funding arrangements for those services, and targets and performance indicators to ensure outputs and outcomes are achieved.

Metro South Health is one of 16 Hospital and Health Services in Queensland and serves an estimated resident population of more than 1.1 million people, 23 per cent of Queensland's population. It employs more than 14,158 full-time equivalent (FTE) employees and has an annual operating budget of \$2.566 billion. The health service's catchment spans 3,856 square kilometres and covers the area from the Brisbane River in the north to Redland City in the east, south to Logan City and the eastern portion of the Scenic Rim to the border of New South Wales. Metro South Health is the major provider of public healthcare in the Brisbane south side, Logan, Redlands and Scenic Rim regions including teaching, research and other services as outlined in its Service Agreement with the Department of Health. It provides these services through five hospitals and a number of community health centres and oral health facilities. The Service Agreement is negotiated annually with the Department of Health and is publicly available at [publications.qld.gov.au/dataset/metro-south-hhs-serviceagreements](http://publications.qld.gov.au/dataset/metro-south-hhs-serviceagreements).

## Our hospitals

- Beaudesert Hospital
- Logan Hospital
- Princess Alexandra Hospital (PAH)
- Queen Elizabeth II Jubilee Hospital (QEII)
- Redland Hospital

## Major community health centres

- Beenleigh Community Health Centre
- Browns Plains Community Health Centre
- Eight Mile Plains Community Health Centre
- Inala Community Health Centre
- Logan Central Community Health Centre
- Marie Rose Centre, Dunwich
- Redland Health Service Centre, Cleveland
- Southern Queensland Centre of Excellence, Inala
- Woolloongabba Community Health Centre
- Wynnum-Manly Community Health Centre (Gundu-Pa).

## Speciality services:

- acute medical
- acute surgical
- addiction and mental health
- acquired brain injury
- cancer services
- cardiology
- emergency medicine
- obstetrics and gynaecology
- older persons
- paediatrics
- palliative care
- rehabilitation
- spinal injury
- trauma
- transplantation.

# Strategic direction

Metro South Health's Strategic Plan 2019–2023 describes how the health service will provide quality care for the community, and includes its aspirations, strategies and indicators of success. Metro South Health carefully monitors its achievements against these targets.

The *Metro South Health Strategic Plan 2019-2023* (2019) has four key objectives:

1. Person-Centred Care
  - Consumers will shape how, when and where we deliver services.
2. Connecting Care
  - Consumers' healthcare journeys will be seamless from wellness, through illness, rehabilitation, end-of-life and death.
3. Quality Care
  - Consumers will receive quality, reliable and evidence-based healthcare focused on improving health outcomes.
4. Sustainable Care
  - Consumers will be cared for by capable and committed people in facilities that support contemporary models of care.

## Indicators of success

Metro South Health has identified 17 indicators of success to measure the achievement of its strategic objectives.

### Strategic Objective 1: Person-Centred Care

- P1 Improved performance in consumer-reported experience measures
- P2 Improved performance in consumer-reported outcome measures
- P3 Acknowledgement and recognition of high standards in person-centred care
- P4 High consumer, carer and community-reported satisfaction with system-level partnering arrangements

### Strategic Objective 2: Connecting Care

- C1 All health service plans for clinical streams and facilities are developed via an integrated process and identify service transformation priorities to better connect care
- C2 Reduction in percentage of outlier bed days in acute care designated beds for specific care types
- C3 High partner-reported satisfaction with service partnering arrangements

### Strategic Objective 3: Quality Care

- Q1 Improved performance against Safety and Quality Scorecard metrics (aligned to NSQHS standards)
- Q2 MSH Research Strategy and MSH Education Strategy developed and implemented
- Q3 Reduction in Potentially Preventable Hospitalisations as a percentage of all hospital admissions
- Q4 Develop and implement strategies to improve health equity for First Nations people, people with disabilities and multicultural communities

### Strategic Objective 4: Sustainable Care

- S1 Demonstrated performance against digital health metrics
- S2 Meet service activity Queensland Weighted Activity Unit (QWAU) targets
- S3 Balanced end of financial year operating position
- S4 Demonstrated performance against workforce capability metrics
- S5 Reduced deficit in hospital beds and bed alternatives compared to need
- S6 Demonstrated performance against environmental sustainability measures

## Progress against strategic objectives

Metro South Health regularly monitors progress towards the achievement of its strategic objectives, using the following performance thresholds for each indicator of success:

- Performing
- Performance flag
- Not performing
- Under development.

Metro South Health is committed towards a balanced scorecard approach to performance measurement, encompassing innovative quantitative and qualitative indicators of success. As such, the measurement mechanisms for some indicators of success are “under development” with our service partners and consumers.

As at 30 June 2020, Metro South Health reported the following progress against its strategic objectives:

<b>Indicator of Success (IOS)</b>	<b>2019-20 Progress</b>
<b>Person-Centred Care</b>	
IOS.P1 Improved performance in consumer reported experience measures	Performing
IOS.P2 Improved performance in consumer reported outcome measures	Under development
IOS.P3 Acknowledgement and recognition of high standards in person-centred care	Performing
IOS.P4 High consumer, carer and community-reported satisfaction with system-level partnering arrangements	Under development
<b>Connecting Care</b>	
IOS.C1 All health service plans for clinical streams and facilities are developed via an integrated process and identify service transformation priorities to better connect care	Performing
IOS.C2 Reduction in percentage of outlier bed days in acute care designated beds for specific care types	Performance flag <sup>1</sup>
IOS.C3 High partner-reported satisfaction with service partnering arrangements	Under development
<b>Quality Care</b>	
IOS.Q1 Improved performance against Safety and Quality Scorecard metrics (aligned to NSQHS standards)	Performance flag <sup>2</sup>
IOS.Q2 MSH Research Strategy and MSH Education Strategy developed and implemented	Performing
IOS.Q3 Reduction in Potentially Preventable Hospitalisations as a percentage of all hospital admissions	Not performing <sup>3</sup>
IOS.Q4 Health equity for First Nations people, people with disabilities and multicultural communities	Under development
<b>Sustainable Care</b>	
IOS.S1 Demonstrated performance against digital health metrics	Under development
IOS.S2 Meet service activity Queensland Weighted Activity Unit (QWAU) targets	Performing

IOS.S3	Balanced end of financial year operating position	Not performing <sup>4</sup>
IOS.S4	Demonstrated performance against workforce metrics	Under development
IOS.S5	Reduced deficit in hospital beds and bed alternatives compared to need	Performing
IOS.S6	Demonstrated performance against environmental sustainability measures	Under development

**Explanatory notes:**

<sup>1</sup> Outlier bed days were significantly impacted by the impact of COVID-19 in necessitating a reorganisation of the acute bed platform across MSH hospitals to implement additional COVID-19 readiness capacity.

<sup>2</sup> Significant improvements have been made during 2019-20, with current performance now consistently approaching the 90% reliability target.

<sup>3</sup> The theoretical PPHs continue across MSH, especially Diabetes related complications and Chronic Obstructive Pulmonary Disease. A number of strategies are currently being implemented across the HHS to better manage the care of patients with these conditions, to potentially reduce hospital presentations. However, the benefits realisation of these strategies is expected to be seen in subsequent reporting periods.

<sup>4</sup> Metro South Health’s operational result was a deficit of \$9.434 million for the year ending 30 June 2020. This represents a 0.35 per cent variance against its expenditure of \$2.679 billion. The result was impacted by COVID-19 and while there was a National Partnership Agreement (NPA) to provide funding relief, not all impacts were covered under the NPA.

# Vision, Purpose, Values

## Our vision

Health and wellbeing for all in the community.

## Our purpose

Partnering to deliver care for the MSH community, training the workforce for the future and researching and innovating delivery of healthcare for the future.

## Queensland Public Service values

### Customers first

- Know your customer
- Deliver what matters
- Make decisions with empathy

### Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries

### Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback

### Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency

### Empower people

- Lead, empower and trust
- Play to everyone’s strengths
- Develop yourself and those around you

## Our values

Metro South Health has adopted a set of organisational values that complement the public service values. The ICARE<sup>2</sup> set of values provide the framework for how we deliver care. They are:

- Integrity
- Compassion
- Accountability
- Respect
- Engagement
- Excellence.

We will respect, protect and promote human rights in our decision-making and actions.

## Priorities

MSH continues to prioritise our efforts towards meeting key challenges and opportunities by:

- transforming models of care to increase efficiency and address growing service demand and changing consumer expectations
- optimising the use of available infrastructure and workforce capacity and capability to address service demand growth within the challenging fiscal environment
- investing in the growth of health services and infrastructure based on clear, evidence-based need
- balancing investment between addressing current service demand—with a focus on emergency department and elective surgery access—and prevention and early intervention initiatives for longer-term benefit
- adapting our services to effectively respond to the global COVID-19 pandemic to keep our patients, staff and community safe and well
- increasing our effective use of technology to deliver better patient outcomes, enable connected care and improve efficiency
- providing person-centred healthcare in the community, outside the hospital walls, together with service partners and the community
- collaborating with and co-designing solutions by unlocking the potential of the diverse workforce and broader healthcare community.

In 2020-21, MSH will particularly prioritise:

- appropriate expansion and embedding of virtual care models for non-admitted healthcare and chronic disease management
- implementing specific mental health and wellbeing initiatives to build resilience in our community and healthcare workforce
- develop integrated and preventative primary and community care pathways to significantly improve equity of health outcomes for First Nations peoples and people with—or at high risk of—chronic disease
- ensuring timely access to publicly funded emergency department and elective surgery services
- making the most of our acute capacity and providing care in the right setting
- maintaining service capacity and capability to ensure ongoing effective COVID-19 response.



# Aboriginal and Torres Strait Islander Health

## Aboriginal and Torres Strait Islander people population profile

In the last Australian census conducted in 2016 found 23,529 people residing within the Metro South area, or 2.2 per cent of the population, identified as Aboriginal and Torres Strait Islander.

Estimated resident population data for the Metro South area in 2018 indicates:

- 29,832 (or 2.6 per cent) were Aboriginal and Torres Strait Islander people (compared to 4.6 per cent in Queensland).
- 44.6 per cent of Aboriginal and Torres Strait Islander people were aged 0 to 19 years (compared to 25.7 per cent of non-Indigenous persons)
- 40.6 per cent of Aboriginal and Torres Strait Islander people were aged 20 to 49 years (compared to 44.2 per cent of non-Indigenous persons)
- 14.8 per cent of Aboriginal and Torres Strait Islander people were aged 50 years and over (compared to 30.1 per cent of non-Indigenous persons).

## Health profile of the Aboriginal and Torres Strait Islander people population

While life expectancy has been increasing, there has been a shift the relative causes of the gap in life expectancy. Cancer is now approaching cardiovascular disease as the major contributor to the life expectancy gap. Reducing mortality among adults aged 50-74 years can have the biggest potential to impact this gap.

Nationally, the shorter life expectancy is attributable to a wide range of factors such as reduced access to health services, higher rates of disease and various health risk factors.

While cardiovascular disease remains the most significant cause of the life expectancy gap for males and females, its influence over the gap has decreased due to improvement in cardiovascular disease mortality rates.

For females, diabetes (1.2 years), coronary heart disease (0.8 years), chronic lower respiratory disease (0.7 years) and cancer of trachea, bronchus and lung (0.6 years) were large contributors to the life expectancy gap.

For males, coronary heart disease (1.2 years), diabetes (1.0 years), cancer of trachea, bronchus and lung (0.6 years) and chronic lower respiratory disease (0.5 years) were substantial contributors to the life expectancy gap.

## Metro South Aboriginal and Torres Strait Islander people health services

Improving Aboriginal and Torres Strait Islander peoples' health and life expectancy is a shared responsibility for Metro South Health staff. Metro South Health's Aboriginal and Torres Strait Islander Closing the Gap Plan 2018-2020 outlines our priorities in improving health outcomes for Aboriginal and Torres Strait Islander peoples including:

- ensuring services are culturally and clinically responsive and appropriate to Aboriginal and Torres Strait Islander peoples and their families.
- providing direction and support to all Metro South staff on their role and responsibilities in improving health for First Nations peoples.

Metro South Health's Health Equity and Access Unit (HEAU) consists of two areas dedicated to improving the health of Aboriginal and Torres Strait Islander people:

The Aboriginal and Torres Strait Islander Co-ordination Team forms part of the HEAU and provides advice, support and resource development in order to improve the quality of care across Metro South for our Aboriginal and Torres Strait Islander peoples.

Southern Queensland Centre of Excellence in Aboriginal and Torres Strait Islander Primary Healthcare, based at Inala, provides:

- a medical clinic staffed by GPs, nurses, Aboriginal allied health workers
- local outreach
- ongoing research into Aboriginal and Torres Strait Islander health
- community engagement and education programs.

Additionally, a network of Aboriginal and Torres Strait Islander staff are structured into integrated service models throughout Metro South Health, inclusive of Hospital Liaison Staff and Community/Hospital Health Worker positions. These include:

- chronic disease
- women's health and birthing
- nutrition promotion
- sexual health
- renal dialysis
- hospital liaison
- hospital/community
- Addiction and Mental Health Services (adult, child and youth)
- Centre of Excellence.

Aboriginal and Torres Strait Islander Staff function in a range of services within an integrated service model. The positions are an integral component of each team by being the link between patient services and community. Each service has specific functions and provides assistance to Aboriginal and Torres Strait Islander Consumers and their families.

### **Aboriginal and Torres Strait Islander Workforce Strategy 2018 – 2022**

Metro South Health is committed to growing our Aboriginal and Torres Strait Islander workforce to ensure our workforce reflects the demographic of the community we serve and to provide culturally appropriate healthcare towards Closing the Gap for our First Nations people's health and wellbeing.

During 2018-19, the health service launched the *Pathways to inclusion: Metro South Health Aboriginal and Torres Strait Islander Workforce Strategy 2018-2022*, which brings together a range of strategies towards increasing our workforce identifying as Aboriginal and/or Torres Strait Islander by 2022.

Among these initiatives, Metro South partnered with Queensland and Commonwealth government agencies and JobActive providers on a traineeship program for Aboriginal and Torres Strait Islander people leading to ongoing employment opportunities within the health service.

# Our community and hospital-based services

## Services delivered in the community

We deliver a range of essential services close to our community members' homes, including:

- Aboriginal and Torres Strait Islander health
- community addiction and mental health services
- BreastScreen Queensland
- chronic disease management
- community rehabilitation
- hospital avoidance and substitution services
- maternity
- offender health
- oral health
- palliative care
- persistent pain
- refugee health
- residential aged care.

## Statewide services

Princess Alexandra Hospital is a major tertiary facility that is renowned for its work in liver transplantation, renal transplantation, spinal injury management, brain injury rehabilitation and skull base surgery. Metro South Health also operates the statewide Medical Aids Subsidy Scheme, which provides funding for medical aids and equipment to Queenslanders with disabilities. In 2018 Metro South Health assumed responsibility for the governance of the Queensland Cancer Registry, which maintains a register of all cases of cancer diagnosed in Queensland since the beginning of 1982.

## Education and research

Metro South Health is committed to strong undergraduate and postgraduate teaching programs in medicine, nursing and allied health, with linkages to the University of Queensland, Queensland University of Technology, Griffith University, and several other academic institutions. Metro South Health is internationally recognised as a leader in biomedical and clinical research, and Princess Alexandra Hospital is home to the Translational Research Institute (TRI)—a world-class medical research facility housing more than 700 researchers from four of the country's pinnacle institutions. The Hopkins Centre: Research for Rehabilitation and Resilience is a joint initiative of Griffith University, Metro South Health and the Motor Accident Insurance Commission. The centre is leading the way in interdisciplinary applied research that examines disability and rehabilitation practices, services and systems. These centres of research, along with Brisbane Diamantina Health Partners, of which Metro South Health is a member, play an important role in promoting the transfer of knowledge to improve clinical outcomes and patient experience.

## Our communities

Metro South Health is the most populated Hospital and Health Service in Queensland. In 2019, there were an estimated 1,184,347 residents in the region, equal to approximately 23 per cent of Queensland's population, and by 2031, this is expected to grow to 1,408,364 residents.

The region's population is also forecast to continue to age, like the rest of the Australian population, due to increasing life expectancy at birth, the current population age structure and relatively low levels of fertility. Between 2018 and 2031, the number of residents aged 65 years and over is projected to grow by 57 per cent or 87,052 people.

Metro South is one of the most culturally and linguistically diverse populations in Queensland. In 2016, 324,892 Metro South residents reported being born overseas, with 62 per cent of these reporting as being

from non-English speaking background countries. Of these, 20 per cent did not speak English well, if at all.

In Metro South Health's geographical region:

- 58 per cent of adults report they are overweight or obese
- 92 per cent of adults report consuming fewer than the recommended serve of vegetables (five serves per day)
- 11 per cent of adults smoke daily
- 39 per cent of adults report undertaking less than the recommended level of exercise
- 20 per cent of adults report drinking at risky levels.

The leading causes of burden of disease in Metro South Health are cancer, mental health disorders, cardiovascular disease and neurological disorders.

Males account for about half of the Metro South Health population but experience more than half of the total disease burden (51.7 per cent). Men had a significantly greater burden of disease for cancer, cardiovascular disease, intentional and unintentional injuries and alcohol dependence.

### **Car parking concessions**

Princess Alexandra Hospital provides a number of car parking concessions for patients, carers and visitors. Updated concession arrangements for those experiencing financial hardship, or who are required to attend the hospital frequently are available.

During 2019–20, Metro South Health provided a total of 31,427 car parking concessions, to the value of \$188,119.66.

# Targets and challenges

## Progress

Metro South Health has made significant progress towards the achievement of its strategic objectives during 2019-20. This section, while not exhaustive, details some of the key outcomes achieved.

## Person-Centred Care

### **Specialist dementia unit at Princess Alexandra Hospital**

The new architecturally-designed Acute Cognitive Unit at Princess Alexandra Hospital opened and provides a dementia-friendly environmental design for patients who experience severe Behavioural and Psychological Symptoms of Dementia.

By adopting the 10 principles of environmental design for people with dementia, the new Acute Cognitive Unit assists in managing the severity of high-risk Behavioural and Psychological Symptoms of Dementia.

Providing care for patients experiencing such high-risk symptoms within a traditional hospital environment can be a real challenge given the overstimulation from the clinical space such as lights, busyness, constant movement, people and sounds.

The repurposed eight-bed space includes elements such as free flowing access to the natural world, in this case a sensory garden space, separate bedrooms that have natural finishes rather than clinical finishes, contrasting colours on items to help wayfinding and camouflaged colour schemes for doors and items which should not be accessible to patients for their safety.

### **Acute Care@Home**

Metro South Health Acute Care@Home is a team of specialised nurses, which has ensured the continued delivery of frontline care to isolated and COVID-19 positive patients in the comfort of their homes.

The Acute Care@Home service has a positive impact on the number of patients requiring admission to hospital throughout the pandemic and has also helped to limit the number of unwell people needing to be out in the community during the pandemic to seek treatment.

The pandemic has presented a rapid learning curve for the team, about dealing with a new disease, sometimes daily changes in protocols, new requirements, new equipment and training in PPE protocols.

Acute Care@Home has a team of 60 nurses across Princess Alexandra, Logan, Redland and Queen Elizabeth II hospitals. The team continues to monitor patients across the Metro South Health catchment who are isolating at home or at a hotel. The team supported 65 people in quarantine during the financial year, and will continue to support more in future.

### **Language badges support our diverse community at QEII Jubilee Hospital**

More than 130 staff at QEII Hospital are taking part in a Language Badge Initiative, wearing badges during their shift to indicate to patients what languages they can speak other than English.

More than 35 languages, including Auslan, are currently supported by QEII Jubilee Hospital staff with more team members putting their hands up to take part.

The cultural diversity of the QEII Jubilee Hospital catchment is one of the highest in Queensland and can make communicating a challenge when language barriers are encountered. Staff who speak languages other than English, wear a badge identifying their languages for patients and visitors to the hospital.

### **App research caring for carers**

QEI Jubilee Hospital Emergency Nurse Practitioner and PhD Candidate, Hui (Grace) Xu, researched a user-friendly smartphone app to manage stress and reduce burnout in hospital emergency departments.

Grace investigated the effectiveness of the meditation-based app to help emergency department workers improve their mental, emotional and physical wellbeing.

Research shows meditation to be effective in lowering stress and improving mindfulness because it alters the brain structure, enabling you to think clearly.

However, it is difficult for emergency department staff to make time at work or in their personal lives to do these sorts of activities, especially face-to-face meditation. That is why the use of an app is significant – if a convenient, mobile and easy-to-use tool proves beneficial in improving the overall wellbeing of emergency department staff, then it can be developed as a stress management strategy.

The research included 148 emergency department staff across Logan and Redland hospitals. Improving the wellbeing of these staff translates to better care, fewer errors and most importantly, better patient outcomes.

## **Connecting Care**

### **One of a kind service helping Motor Neurone Disease (MND) sufferers at home**

Queensland's only community-based service for patients with MND is reducing unnecessary admissions to hospital through the team's home visitation service which gives staff direct insights into the disease journey for these clients.

Metro South's Chronic Disease Brisbane South is a one-of-a-kind service that works closely with the Respiratory Department at Princess Alexandra Hospital and has become unique, highly sought after and most effective in directly addressing the needs of MND patients.

This cohort of patients was previously required to come into hospital regularly for routine medical maintenance of their condition, however the team now triage the hospital MND clinic so that patients only attend if they have a medical need that requires addressing, enabling them to remain at home rather than come into hospital which can be extremely difficult, especially as their disease progresses.

The team has been able to avoid hospital admissions by regular monitoring, being available, assessing safety and ordering equipment prior to the need arising, arranging home modifications early, assessing respiratory and dyspnoea requirements, as well as advocacy for early gastrostomy insertion to reduce client and carer distress.

### **Gundu Pa Antenatal Clinic**

Wynnum mums and mums-to-be are enjoying the benefits of a local antenatal clinic saving them the trip to Redland Hospital for their maternity care.

Every Wednesday, Redland Hospital midwives and an obstetrician set up at the Wynnum-Manly Community Health Centre, Gundu Pa, to provide routine care to local families.

Many women prefer attending the clinic, as it is closer to home, parking is easy and they can receive the same level of care as expected at the hospital.

The clinic can see pregnant women with all levels of risk for antenatal care, and women receiving care at the clinic have their babies at the newly-refurbished Redland Hospital birthing suites.

### **Innovative health justice partnership takes on elder abusers**

Older Australians entering the hospital system are being protected by the Older Persons Advocacy and Legal Service (OPALS), a special collaboration between Metro South Health and Caxton Legal Centre Inc.

Bringing together lawyers, social workers and health professionals, OPALS takes a proactive approach to early intervention for older patients who are at risk of or experiencing elder abuse.

The model is a social work-lawyer model, looking not only at the social, emotional, psychological and spiritual needs of the patient, but also considering their legal options. Health professionals are being trained to identify older patients who are affected by elder abuse and to refer them to hospital social workers who are being trained to provide specialist supports to these patients. A lawyer who specialises in elder law is also working at the hospital, and a community social worker is available for patients post-discharge.

In Australia, nearly 30 percent of people initially seek advice in situations of elder abuse from trusted health or welfare professionals, putting health professionals in a unique position to identify and make appropriate referrals of patients to specialist support services.

## Quality Care

### **New Mental Health Lounge open at Logan Hospital**

Located within the emergency department, the \$1.5 million unit has been designed as a dedicated space for patients experiencing mental health concerns to receive specialised, coordinated care in a spacious and calming environment.

It features a patient lounge, consultation rooms, staff station and access to an outside area, and is supported by 25 additional staff including doctors, nurses, health professionals and support staff.

Since it opened in March, staff and patients have reported early positive results, saying the space has made a world of difference for people experiencing mental health concerns.

The unit has a unique model of care, designed in consultation with the Logan community and hospital staff, which ensures both a patient's physical and mental health needs remain the priority.

### **World-first 3D-printed bone surgery**

A new medical procedure involving 3D-printed bone pioneered by Princess Alexandra Hospital surgeon Dr Michael Wagels gave a traumatic brain injury patient a second chance at life.

Dr Wagels used a 3D printed biocompatible and bioabsorbable implant for the patient to replace a section of missing skull.

The 11-hour procedure to implant the 3D-printed replacement bone, which has the ability to encourage natural bone growth, was performed in December 2019. This involved a team of plastic and reconstructive surgeons, anaesthetists, neurosurgeons, nurses, assistant surgeons and technicians.

A CT scan taken eight weeks after the operation showed bone forming both on the outside and in the inside of the implant, indicating the body recognised the implant as broken bone that needed to be healed.

The implant is completely absorbable, and disappears as the new bone forms within and around it. The world-first 3D-printed bone surgery featured heavily in media outlets statewide.

### **High Dependency model of care at QEII Jubilee Hospital**

A High Dependency model of care has been established at QEII Jubilee Hospital to meet the need for an intermediate level between intensive care and general ward to better meet patient needs.

The focus of the high dependency model in critical care is to provide an increased level of care in a separate specialised area with closer monitoring, greater nursing support and earlier intervention to manage the unique risks of those patients.

The new four-bed unit provides additional critical care capability and patients may be admitted from the intensive care unit as a step-down prior to transfer to the ward, or directly from the ward, recovery or emergency areas.

## **Chronic Kidney Disease Research—CKD-FIX Study**

A new study conducted by Princess Alexandra Hospital researchers to determine the efficacy of kidney disease treatment Allopurinol has shown the drug is ineffective, which will mean one less medication to be taken by up to 20 per cent of patients.

The CKD-FIX study led by Chief Investigator and Medical Director of the Queensland Renal Transplant Service based at Princess Alexandra Hospital, Professor David Johnson provides the first evidence that the medication has limited effect in treating kidney disease.

“Based on our results we believe there is no benefit in prescribing this medication, unless there is an additional specific medical reason, such as gout. This much awaited, high-quality evidence will inform global clinical guidelines for patient treatment,” said Professor Johnson who partnered with University of Queensland, Translational Research Institute, and the Australasian Kidney Trials Network.

## **Sustainable Care**

### **Pandemic offers new opportunities for patient care**

Proactive problem-solving has been at the forefront of QEII Jubilee Hospital’s COVID-19 pandemic response, resulting in improved models of care for the Physiotherapy team.

The team rapidly adapted their patient model of care to telehealth as social distancing and hygiene restrictions came into force across Queensland; going from delivering less than one per cent to over 50 per cent of consultations through video conferencing by April 2020.

Within Allied Health, telehealth will continue to play a greater role despite easing COVID-19 restrictions.

### **New birthing unit and emergency department expansion at Redland Hospital**

Women in the Redlands Coast have access to water birthing for the first time after the opening of three new birthing pools at Redland Hospital.

Member for Redlands Kim Richards and Member for Capalaba Don Brown officially opened the new facilities in March 2020, part of a \$1.73 million investment by the Queensland Government.

The birthing unit expansion included a new birth suite, the refurbishment of two existing birth suites to accommodate the new birthing pools, and a refurbished Maternity Assessment Unit.

Four additional short stay beds in the emergency department were also opened at Redland Hospital in January 2020, increasing capacity and improving patient flow.

### **Hospital waste reduction**

Princess Alexandra Hospital unveiled the latest major step in the battle to address waste in healthcare with the addition of a new food waste dehydrator which converts thousands of kilograms of food waste into soil.

The new food waste dehydrator can reduce the volume of food waste by up to 90 per cent. By using the food waste dehydrator, Princess Alexandra Hospital has not only been able to create a valuable fertiliser to support biodiversity, we have also reduced our carbon footprint and approximately \$50,000 a year in waste levies.

The food dehydrator is the newest innovation from a long list of recycling initiatives at Princess Alexandra Hospital, which has seen a total of approximately 3 million kg of waste diverted from land fill since 2015.

### **Logan Hospital expansion**

The Minister for Health, the Honourable Steven Miles MP officially opened the brand-new medical ward at Logan Hospital in February 2020 (Ward 2M), with the \$9 million medical ward adding 28 beds for some of Logan’s most complex patients.



Tenders to deliver Logan Hospital's \$460 million expansion were released in June 2020, kickstarting two projects that will support more than 1000 jobs during construction.

The Invitation to Offer (ITO) for both the hospital expansion and the maternity upgrade were issued to shortlisted companies after an open market expression of interest process was finalised.

The expansion will deliver an additional 206 beds and treatment spaces as well as upgraded services across the hospital.

## **Challenges**

- Service demand is projected to increase at a greater rate than funding growth. Metro South Health must improve its efficiency to ensure it is able to meet the demands of the community within the fiscal environment.
- The ability to easily expand existing infrastructure is limited. Metro South Health must enhance health service capacity by optimising the use of available infrastructure and workforce capability.
- Failing to innovate and adapt to future needs is a significant risk. Metro South Health must balance its efforts between addressing current service demands and investing in innovation and preventative initiatives for longer-term benefit.
- The global COVID-19 pandemic has presented unprecedented challenges for health systems. Metro South Health must optimise processes, procedures and capability to effectively respond to emerging and evolving public health threats.

# Governance

## Our people

### Board membership

The Metro South Hospital and Health Board comprises 10 members appointed by the Governor in Council on the recommendation of the Minister for Health pursuant to the *Hospital and Health Boards Act 2011*.

The Board is responsible for the Governance activities of the organisation and derives its authority to act from the *Hospital and Health Boards Act 2011* (herein referred to as the Act). Each Board member brings a broad range of skills, expertise and experience to the Board.

The Board is responsible for setting strategic direction, establishing goals and objectives for executive management, monitoring the organisation in line with current government health policies and directives and ensuring that adequate and appropriate community consultation is undertaken.

The key responsibilities of the Board include:

- Review and approve strategies, goals, annual budgets, and financial plans as designed by the Hospital and Health Service in response to community and stakeholder input.
- Monitor financial performance on a regular basis.
- Monitor operational performance on a regular basis including compliance with clinical standards.
- Ensure that risk management systems are in place to cover all of the organisation's key risk areas including operational, financial, environmental and asset related risks.
- Ensure that Metro South Health has policies and procedures to satisfy its legal and ethical responsibilities.
- Determine the desired culture for the Hospital and Health Service to enhance its reputation with the community and stakeholders
- Report to and communicate with Government, the community and other stakeholders on the financial and operational performance of the organisation.

The Board reports to the Honourable Steven Miles, Deputy Premier, Minister for Health and Minister for Ambulance Services. The functions of the Board are:

1. To oversee and manage the Hospital and Health Service (HHS); and
2. To ensure that the services provided by the HHS comply with the requirements of the Act and the objectives of the HHS.

### Board and Committee Activities:

The Board and Committee activities and major achievements in 2019-20 include the development, monitoring and advising on the:

- Logan Expansion Project
- Redland Hospital Master Plan
- Oversight of the Metro South Health COVID-19 Response
- The development of Metro South Health values
- Approval of a new Financial Delegations Framework
- Consideration and Endorsement of the Annual Financial Statement
- Oversight of the Legislative Compliance Program
- Oversight of the Risk Reporting Framework
- Oversight of the development of an Aboriginal and Torres Strait Islander Health Dashboard
- Oversight of Capital Works and Assets Infrastructure

## Board and Committee Member attendance for 2019/2020

Board Member	MSHHB Meetings	Executive Committee Meetings	Finance Committee Meetings	Audit and Risk Committee Meetings	Safety and Quality Committee Meetings	Aboriginal and Torres Strait Island Health Access Committee Meetings
No. Scheduled meetings	11	4	5	6	6	5
Ms Janine Walker AM	10	4	5	5	-	-
Dr Marion Tower	11	4	-	-	5	-
Mr Peter Dowling AM	9	2	5	6	-	-
Mr Brett Bundock	11	4	-	-	3	-
Mr Paul Venus	9	3	4	5	-	-
Ms Helen Darch	10	4	4	5	6	-
Adjunct Professor Iyla Davies OAM	11	4	5	6	6	1
Ms Donisha Duff	9	4	-	-	4	5
Dr Helen Benham	11	4	4	5	6	-
Professor Eleanor Milligan	11	4	-	-	5	4
Mr Michael Goss	2	1	0	1	-	-

### Remuneration of Board Directors

Total Board expenses, including allowance and employer superannuation expenses incurred by Metro South Health, are disclosed in the Financial Statements section at the end of this Annual Report.

There was a total cost of \$970.12 in out-of-pocket expenses for Board members during 2019-20.

### Role of the Board Chair

The Chair of the Board is appointed on the recommendation of the Minister for Health and Minister for Ambulance Services following an advertised recruitment process.

The Chair of the Board's responsibilities are:

- Preside over all meetings of the Board. In the event of the Chair being absent, the Deputy Chair shall preside for the course of that meeting.

- Maintain a regular dialog and mentoring relationship with the HSCE.
- Monitor the performance of the Board and individual members and promote the on-going effectiveness and development of the Board.
- Manage the evaluation and performance of the HSCE and the Board.
- Inform the Minister about significant issues and events.

## Board members (at 30 June 2020)

### **Ms Janine Walker AM**

#### **Chair**

**Appointed 18 May 2016. Current Term: 13 October 2017 to 17 May 2021**

Janine Walker is a human resources expert with a background in health, academia and broadcasting.

Janine previously held senior management positions including Human Resources Director for Griffith University and Princess Alexandra Hospital, Director of Industrial Relations for Queensland Health, and Industrial Director and General Secretary of the Queensland Public Sector Union.

She also worked as a broadcaster and columnist and served for six years on the Board of the Australian Broadcasting Corporation and for four years as Chair of the Corporation's Audit Committee. She has held a range of board and committee appointments including membership of the Vocational Education Training and Employment Commission, Chair of the Australia New Zealand Foundation, Chair of All Hallows' School and Board Member of the Queensland Symphony Orchestra.

Janine is an Adjunct Professor in the Griffith Business School, providing guest lectures and supporting research. She is a Fellow of the Australian Human Resource Institute and Australian Institute of Management and a Member of the Australian Institute of Company Directors.

In June 2019, Janine was recognised in the 2019 Queen's Birthday Honours. Janine was awarded Member of the Order of Australia for her significant service to education, to community, health and to the media.

### **Dr Marion Tower**

#### **Deputy Chair**

**Appointed 29 June 2012. Current Term: 18 May 2019 to 17 May 2021**

Dr Marion Tower is a registered nurse and an academic. She is currently the Head of nursing at the University of Queensland's School of Nursing, Midwifery & Social Work. Marion is also a Senior Fellow of the Higher Education Academy and a Fellow of the Institute of Teaching and Learning Innovation at UQ. She has a PhD from Griffith University which focussed on the health and healthcare needs of women affected by domestic violence and a Master of Nursing (Women's Health) from QUT. Her nursing Honours degree focussed on quality of care in residential aged care for people with dementia.

She has a strong interest in interprofessional education and in preparing current and future health professionals to deliver contemporary, safe and high-quality person-centred care. Marion researches and publishes in this area.

Marion has a long history of service to the Metro South community. From 2003-2011 she was a member of the QEII Health Community Council and was a member of the QEII Health Service District Safety and Quality Committee. Marion has been a member of Metro South Hospital and Health Board and the Metro South Safety and Quality committee since their inception. Marion is also a member of the Brisbane Boys College Council.

### **Ms Donisha Duff**

#### **Board Director**

**Appointed 18 May 2016. Current Term: 18 May 2017 to 17 May 2021**

Donisha Duff has a background in health policy, planning and management with a particular focus on

Aboriginal and Torres Strait Islander Health. She has over 20 years' experience in health and Indigenous affairs working in the Federal government, Queensland Health, Australian Indigenous Doctors' Association, the National Aboriginal Community Controlled Health Organisation (NACCHO), Kidney Health Australia and as Advisor (Indigenous Health) to the former Minister for Indigenous Health, Warren Snowdon MP. She is currently the Chief Operations Officer at The Institute for Urban Indigenous Health (IUIH). She is Adjunct Associate Professor with Kurongkurl Katitjin, Centre for Indigenous Australian Education and Research at Edith Cowan University.

She holds a number of Board appointments including; Council Member of the Australian Institute for Aboriginal and Torres Strait Islander Studies (AIATSIS), Member of the Medical Radiation Practice Board of Australia, and is Chairperson of the Stars Foundation Limited.

Donisha is an Aboriginal and Torres Strait Islander woman from Thursday Island in the Torres Strait. She has familial links with Moa and Badu Islands (Torres Strait) and is a Yadhaigana/ Wuthathi Aboriginal traditional owner (Cape York).

### **Mr Peter Dowling AM**

#### **Board Director**

**Appointed 29 June 2012. Current Term: 18 May 2019 to 17 May 2021**

Peter Dowling is an accountant and company director. He is a Fellow of CPA Australia and a Fellow of The Australian Institute of Company Directors. He was formerly a partner with international accounting firm Ernst & Young. He is a Centenary of Federation Medal recipient and was made a Member of the Order of Australia in 2007 for services to accountancy and the community.

Peter has a number of other board and audit and risk committee appointments.

He is a Director of TAFE Queensland and Lexon Insurance and is Chair or a member of a number of State and Local Government Audit Committees. Peter is also the Queensland Honorary Consul for Botswana.

### **Ms Helen Darch**

#### **Board Director**

**Appointed 18 May 2020. Current Term: 18 May 2020 to 31 March 2024**

Helen Darch is a prominent consultant with wide-ranging experience across a variety of industry sectors. She established and is the Managing Director of the Nedhurst Consulting Group in Brisbane. Prior to this she was a partner at Niche Consultants; Group Manager, Corporate Communication at Rowland Communication Group; and a consultant at SMS Management and Technology.

She has extensive governance, strategic planning, strategic communication, and change management experience, and has consulted widely in the education, health, government, not-for-profit and resources sectors.

Helen is currently Chair of the Domino's Give for Good Pty Ltd Board, and a Director on the Multicap Board. Until 2018 she was Deputy Chair, Children's Hospital Foundation, and interim Chair of the Children's Health Research Alliance, an initiative of the Children's Hospital Foundation and Children's Health Queensland. She chaired the Cerebral Palsy League, Queensland Board, and its Nominations Committee and Executive Appraisal Committee until 2015.

### **Adjunct Professor Iyla Davies**

#### **Board Director**

**Appointed 18 May 2017. Current Term: 18 May 2020 to 31 March 2024**

Adjunct Professor Iyla Davies was admitted as a lawyer in 1983 and worked in family law and personal injuries before becoming a law academic for more than 20 years, specialising in mediation and dispute resolution.

She is currently the Chair of the All Hallows' School Board and an Adjunct Professor in the School of Law, University of Queensland.

Iyla has previously held a number of community leadership roles as National and Queensland President of Relationships Australia, Director of Legal Aid Queensland, National President of University Colleges Australia, Member of the Specialist Accreditation Board, Queensland Law Society and a Director of Mercy Community Services. In addition, she has held senior university positions as Assistant Dean, International, Commercial and Community Engagement in the Faculty of Law, QUT and as Head of College and Chief Executive Officer of the Women's College within UQ.

Iyla holds a Bachelor of Laws (Hons) and a Master of Laws. She is also a Fellow of the Australian Institute of Company Directors.

### **Mr Michael Goss**

#### **Board Director**

**Appointed 18 May 2020. Current Term: 18 May 2020 to 31 March 2024**

Michael Goss joined the Board with over 30 years' experience as a lawyer in large and mid-tier Australian firms, but now practicing in his own legal consultancy. Michael has practiced primarily in commercial law, agribusiness, banking and residential aged care. He has worked with finance clients such as Rabobank, NAB and ANZ and is currently a board member for aged care provider Beaumont Care and a Councillor on the Brisbane Boys' College Council.

With 30 plus years of professional practice, Michael brings to the Board his legal skills in strategic thinking and problem solving, and business sustainability through strong governance controls.

### **Mr Brett Bundock**

#### **Board Director**

**Appointed 18 May 2018. Current Term: 18 May 2019 to 17 May 2021**

Brett Bundock is one of the Asia Pacific region's most influential contributors to the geospatial technology industry. His is a company director with a spatial industry career spanning more than three decades, across four continents.

He is currently the Group Managing Director for Esri Australia and Esri South Asia and is also an active contributor to various community and industry groups.

### **Professor Eleanor Milligan**

#### **Board Director**

**Appointed 18 May 2019. Current Term: 19 May 2019 to 31 March 2022**

Professor Eleanor Milligan is a leader in healthcare ethics, with extensive experience on committees and boards in many facets of health.

Eleanor has more than 25 years' experience across a range of sectors including healthcare ethics, education and professional regulation, and a strong academic background with studies in Philosophy, Education and Science.

### **Dr Helen Benham**

#### **Board Director**

**Appointed 18 May 2019. Current Term: 18 May 2019 to 31 March 2022**

Dr Helen Benham is an experienced Rheumatologist who divides her time between clinical practice at Princess Alexandra Hospital and translational research into rheumatic diseases. Helen is a senior lecturer with the University of Queensland and a previous NHMRC Translating Research into Practice Fellow with a strong research interest in implementation science.

Helen is currently on the board of the Princess Alexandra Research Foundation and is chair of Arthritis Queensland. She holds a Bachelor of Medicine and Surgery (Hons), Bachelor of Applied Science (Podiatry), a PhD from the University of Queensland, is a Fellow of the Royal Australasian College of Physicians and a graduate of the Australian Institute of Company Directors.

## Our committees

The Board has established six committees to assist in carrying out its functions and responsibilities. The five committees are:

- Executive Committee
- Finance Committee
- Audit and Risk Committee
- Safety and Quality Committee
- Aboriginal and Torres Strait Islander Health Access Committee.

The Board has authorised the Committees, within the scope of their responsibilities, to examine any matter in relation to its objectives as it sees fit or as requested by the Board. The Board Committees are subject to annual review.

The Committees are led by Board members with the Chair of each Committee being a member of the Board, and are supported by the HSCE or other senior executives of Metro South Health Executive. The Executive Committee is an advisory committee to the Board. The Executive Committee functions under the authority of the Board in accordance with s32B of the Hospital and Health Boards Act 2011. The Executive Committee is established to support the Board by:

- Working with the HSCE to progress strategic issues identified by the Board;
- Strengthening the relationship between the Board and the HSCE to ensure accountability in the delivery of services by the HHS.
- Developing strategic Service Plans for the HHS and monitor their implementation.
- Developing key engagement strategies and protocols and monitor their implementation.
- Performing any other functions required by the Board or prescribed by Regulation.

### **Executive Committee**

The Executive Committee meet quarterly, or as determined by the Board. Committee members: Ms Janine Walker (AM) Chair, Dr Helen Benham, Mr Brett Bundock, Ms Helen Darch, Adjunct Professor Iyla Davies (OAM), Mr Peter Dowling (AM), Ms Donisha Duff, Mr Michael Goss, Professor Eleanor Milligan, Dr Marion Tower.

### **Finance Committee**

The Finance Committee is a prescribed committee under Part 7, s31, of the Hospital and Health Boards Regulation 2012. The Finance Committee functions under the authority of the Board in accordance with Schedule 2, s8, of the Hospital and Health Board Act 2011. The Finance Committee has the following functions:

- Assessing MSH's budget and ensuring the budgets are:
  - Consistent with the organisational objectives of MSH; and
  - Appropriate having regard to MSH funding.
- Monitoring MSH cash flow, having regard to the revenue and expenditure of MSH;
- Monitoring the financial and operating performance of MSH;
- Monitoring the adequacy of MSH's financial systems, having regard to its operational requirements and obligations under the Financial Accountability Act 2009;
- Assessing financial risks or concerns that impact, or may impact, on the financial performance and reporting obligations of MSH, and how MSH is managing the risks or concerns;
- Assessing the Service's complex or unusual financial transactions;
- Assessing any material deviation from the Service's budget

- Any other function given to the committee by the Board (if the function is not inconsistent with a function mentioned in the dot points above);
- Identify risks and mitigating strategies associated with all decisions made; and
- Implement processes to enable the committee to identify, monitor and manage critical risks as they relate to the functions of the committee.

The Finance Committee are required to meet at least five times per year or as required by the Chair. Committee members: Mr Peter Dowling (AM) - Chair, Ms Janine Walker (AM), Mr Michael Goss, Ms Helen Darch, Adjunct Professor Iyla Davies (OAM) and Dr Helen Benham.

## **Audit Committee**

The Audit and Risk Committee is a prescribed committee under Part 7, s31, of the Hospital and Health Boards Regulation 2012. The Audit and Risk Committee functions under the authority of the Board in accordance with Schedule 2, s8, of the Hospital and Health Board Act 2011. The purpose of the Audit and Risk Committee is to provide advice and assistance to the Board on:

- The Service's risk, control and compliance frameworks; and
- The Service's external accountability responsibilities as prescribed in the Financial Accountability Act 2019 (FAA 2019), Auditor-General Act 2019, Financial Accountability Regulation 2019 and Financial and Performance Management Standard 2019.

The Audit and Risk Committee advise the Board on the following matters:

- Assessing the adequacy of Metro South Health financial statements, having regard to the following:
  - The appropriateness of the accounting practices used
  - Compliance with prescribed accounting standards under the FAA 2019
  - External audits of Metro South Health financial statements
  - Information provided by Metro South Health about the accuracy and completeness of the financial statements.
- Monitoring Metro South Health compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the FAA 2019, including:
  - Whether Metro South Health has appropriate policies and procedures in place and
  - Whether Metro South Health is complying with the policies and procedures
- Monitoring and advising the Board about its internal audit function
- Overseeing Metro South Health liaison with the Queensland Audit Office in relation to MSH proposed audit strategies and plans
- Assessing external audit reports and assessing the adequacy of action taken by management as a result of the reports
- Monitoring the adequacy of Metro South Health's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by MSH with relevant laws and government policies
- Evaluation and approval of the Internal Audit Charter, Internal Audit Strategic and Annual Audit Plans
- Through Internal Audit, oversight and appraisal of Metro South Health financial operational reporting processes
- Monitoring the effectiveness of Metro South Health's performance information and compliance with the performance management framework and performance reporting requirements
- Assessing Metro South Health complex or unusual transactions or series of transactions, or any material deviation from the Metro South Health budget
- Any other function given to the committee by the Board (if the function is not inconsistent with a function mentioned in dot points above)



- Reviewing the risk management framework for identifying, monitoring and managing significant business risks, including fraud
- Liaising with management to ensure there is a common understanding of the key risks to the agency. These risks will be clearly documented in the risk register which will be regularly reviewed to ensure it remains up to date.
- Assessing and contributing to the audit planning process relating to risks and threats to Metro South Health
- Reviewing effectiveness of Metro South Health processes for identifying and escalating risks, particularly strategic risks.

The Audit and Risk Committee meetings are held at least quarterly with a schedule of meetings agreed in advance.

Committee members: Mr Peter Dowling (AM) – Chair, Ms Janine Walker (AM), Mr Michael Goss, Ms Helen Darch, Adjunct Professor Iyla Davies (OAM) and Dr Helen Benham.

### **Safety and Quality Committee**

The Safety and Quality Committee is a prescribed committee under Part 7, s32 of the Hospital and Health Boards Regulation 2012. The Safety and Quality Committee functions under the authority of the Board in accordance with Schedule 1, s8 of the Hospital and Health Boards Act 2011. The committee advise the Board on matters relating the safety and quality of health services provided by the Hospital and Health Service, including strategies for the following:

- Minimising preventable patient harm
- Reducing unjustified variation in clinical care
- Improving the experience of patients and carers of the HHS in receiving health services
- Complying with national and State strategies, policies, agreements and standards relevant to promoting consultation with health consumers and members of the community about the provision of health services by the HHS
- Monitoring the HHS governance arrangements relating to the safety and quality of health services, including by monitoring compliance with the HHS policies and plans about safety and quality
- Promoting improvements in the safety and quality of health services provided by the HHS
- Monitoring the safety and quality of health services being provided by the HHS using appropriate indicators developed by the HHS
- Any other function given to the committee by the HHS Board (if the function is not inconsistent with a function mentioned in dot points above)
- Identify risks and mitigating strategies associated with all decisions made
- Implement processes to enable the committee to identify, monitor and manage critical risks as they relate to the functions of the committee.

The Safety and Quality Committee meets bi-monthly or unless directed by the Chair of the committee.

Committee members: Dr Marion Tower – Chair, Ms Helen Darch, Adjunct Professor Iyla Davies (OAM), Ms Donisha Duff, Dr Helen Benham, Mr Brett Bundock and Professor Eleanor Milligan.

### **Aboriginal and Torres Strait Islander Health Access Committee**

The Board established the Aboriginal and Torres Strait Islander Health Access Committee. The Committee will assist the Board on matters relating to:

- improved health outcomes for the Aboriginal and Torres Strait Islander community
- areas where access to health services can be simplified and streamlined to ensure equitable and

accessible health services for the Aboriginal and Torres Strait Islander Community

- improved reporting and monitoring of identified key performance indicators for access to and health outcomes for Aboriginal and Torres Strait Islander People.

Committee members: Ms Donisha Duff – Chair, and Professor Eleanor Milligan.

### **Capital Works and Assets Committee**

The Board has established the Capital Works and Assets Committee. The Committee will assist the Board on matters relating to the strategic direction and leadership of Metro South Health on infrastructure and asset management issues and to advise and make recommendations to the Board on matters relating to the capital works and assets.

Committee members: Mr Brett Bundock – Chair, Mr Michael Goss, Dr Marion Tower and Mr Christopher Edwards.

## **Executive management**

### **Role of the Health Service Chief Executive (HSCE)**

The Board appoints the HSCE and delegates the administrative function of Metro South Health to the HSCE.

The HSCE responsibilities are:

- management, performance and activity outcomes of Metro South Health
- providing strategic leadership and direction for the delivery of public sector health services in the HHS
- promoting the effective and efficient use of available resources in the delivery of public sector health services in the HHS
- developing service plans, workforce plans and capital works plans
- managing the reporting processes for performance review by the Board
- liaising with the executive team and receiving committee reports as they apply to established development objectives
- the HSCE may delegate the chief executive's functions under the Act to an appropriately qualified health executive or employee.

### **Dr Peter Bristow (commenced 20 January 2020)**

#### **Health Service Chief Executive**

Dr Peter Bristow is a values-based leader who believes strongly in the mission of Metro South Health to deliver quality health care to our patients, their families and our community.

Prior to commencing as the Chief Executive Officer for Metro South Health, Peter was the Chief Executive Officer for Health Support Queensland, where he was responsible for a wide range of diagnostic, scientific, clinical and payroll services to enable the delivery of frontline healthcare across Queensland. While in this role, he was a part of the Department of Health Leadership Team.

Peter has also held the positions of Chief Executive Officer for Darling Downs Hospital and Health Service and Chief Executive Officer of Townsville Hospital and Health Service. From 2015 to 2017 he was Chair of the Queensland Health Service Chief Executive Forum and has also previously worked as Director of Intensive Care and Executive Director of Medical Services at Toowoomba Hospital.

He trained and worked as an intensive care physician at Liverpool Hospital in Sydney before moving to the Alfred Hospital in Melbourne. He is a fellow of the Royal Australasian College of Physicians, Fellow of the College of Intensive Care Medicine, Fellow of the Australian and New Zealand College of Medical Administrators, and a Graduate of the Australian Institute of Company Directors. Peter also holds a Graduate Certificate in Management.

## **Nicola Dymond (commenced June 2020)**

### **Chief Operating Officer**

Nicola Dymond is a senior health executive with extensive international experience, having trained as a Registered Nurse, Midwife and Health Visitor in the United Kingdom, where she held numerous professional and operational executive roles, including as the Chief Executive Officer of a Primary Care Trust. Nicola has also worked as Chief Operating Officer for Hamad Medical Corporation Qatar and as the National Director for the Continuing Care and System Integration Strategy at Ministry of Health Qatar.

She joined Metro South Health from Tasmania where she had been working as the state-wide Chief Operating Officer for the Tasmanian Health Service, where amongst other duties she was focused on incorporating quality, safety and clinical network agendas for the state

Nicola has a strong focus on service development and quality improvement across the operational business, and supporting large scale change initiatives through effective partnership engagement. She holds memberships to the Institute of Healthcare Improvement, the International Society for Quality in Healthcare, and has a Masters in Business Administration in both improvement science and service excellence, with a focus on organisational culture.

## **Mr Robert Mackway-Jones**

### **Chief Finance Officer**

Robert has 25 years of health sector experience across the Australian and New Zealand health environments. His senior leadership roles include various Chief Finance Officer roles in New Zealand from 2001, and from June 2013 with Metro South Health.

From 2010–2013 he led the health needs assessment, strategic planning, funding and contracting for health services for the Southern District Health Board in New Zealand while concurrently fulfilling its Chief Finance Officer role. His background also includes time spent in the agricultural and ICT sectors.

## **Kay Toshach**

### **Executive Director, Planning and Strategy**

Kay has a background in physiotherapy and worked as a senior clinician within Queensland Health and the United Kingdom's National Health Service before pursuing an interest in health service planning, change management and corporate governance.

Her current role includes responsibility for critical planning and partnership development activities to support the design and delivery of major new service and infrastructure programs.

## **Dr Susan O'Dwyer**

### **Executive Director, Medical Services**

Susan has worked in various medical administration roles at facilities across Queensland Health since 2001. Her experience includes a seven-year period at the Department of Health with responsibilities for medical workforce, education and training.

Susan has a long-standing involvement with the Australian Medical Council, including accreditation activities for international medical graduate pathways, pre-vocational accreditation, and specialist college accreditation.

Susan is a Censor with the Royal Australasian College of Medical Administrators and a member of the Medical Board of Australia. Susan was previously Chair of the Queensland Board of the Medical Board of Australia. These professional roles complement Susan's role with Metro South Health as the professional lead for medical practitioners.

**Veronica Casey AM**  
**Executive Director, Nursing and Midwifery Services**

Veronica Casey has held nursing executive leadership positions in Queensland Health since 1998. She worked in nursing director roles at The Prince Charles Hospital, the Royal Brisbane Hospital and the Royal Women's Hospital prior to her appointment as Executive Director, Nursing Services at Princess Alexandra Hospital.

During her time at PAH, Veronica has been instrumental in helping the hospital achieve re-designation under the Magnet® credentialing program, and the introduction of the Nurse Sensitive Indicator performance monitoring system. In 2010, she was appointed as one of three inaugural international commissioners for the American Nurses Credentialing Centre. Veronica was appointed as a Board Member on the Nursing and Midwifery Board of Australia in May 2014.

**Anne Coccetti**  
**A/Executive Director, Allied Health**

Anne Coccetti is the Acting Executive Director of Allied Health for Metro South Health. In February 2018 Anne was appointed as Director of Allied Health for Logan and Beaudesert Hospitals. Prior to that appointment, Anne was the Director of Speech Pathology and Audiology at Logan Hospital from 2010.

While working at Logan Hospital, Anne was involved in the service planning for the Logan Hospital redevelopment including the Emergency Department expansion, introduction of the inpatient rehabilitation unit and the introduction of the Integrated Specialist ENT service.

Anne has more than 25 years' experience in health service and hospital management, clinical service re-design and service development, including 13 years at NSW Health.

Anne has a keen interest in service development, innovative models of care, the identification of opportunities to improve the patient journey and person-centred care within health. She is also involved in a number of research projects to evaluate innovative service delivery models including allied health, extended scope of practice, and delegation models.

Anne qualifications include a Bachelor of Speech Pathology (Hons 1a) and a Graduate Diploma in Business Administration.

**Chris Thornburn (commenced October 2019)**  
**Executive Director, Governance**

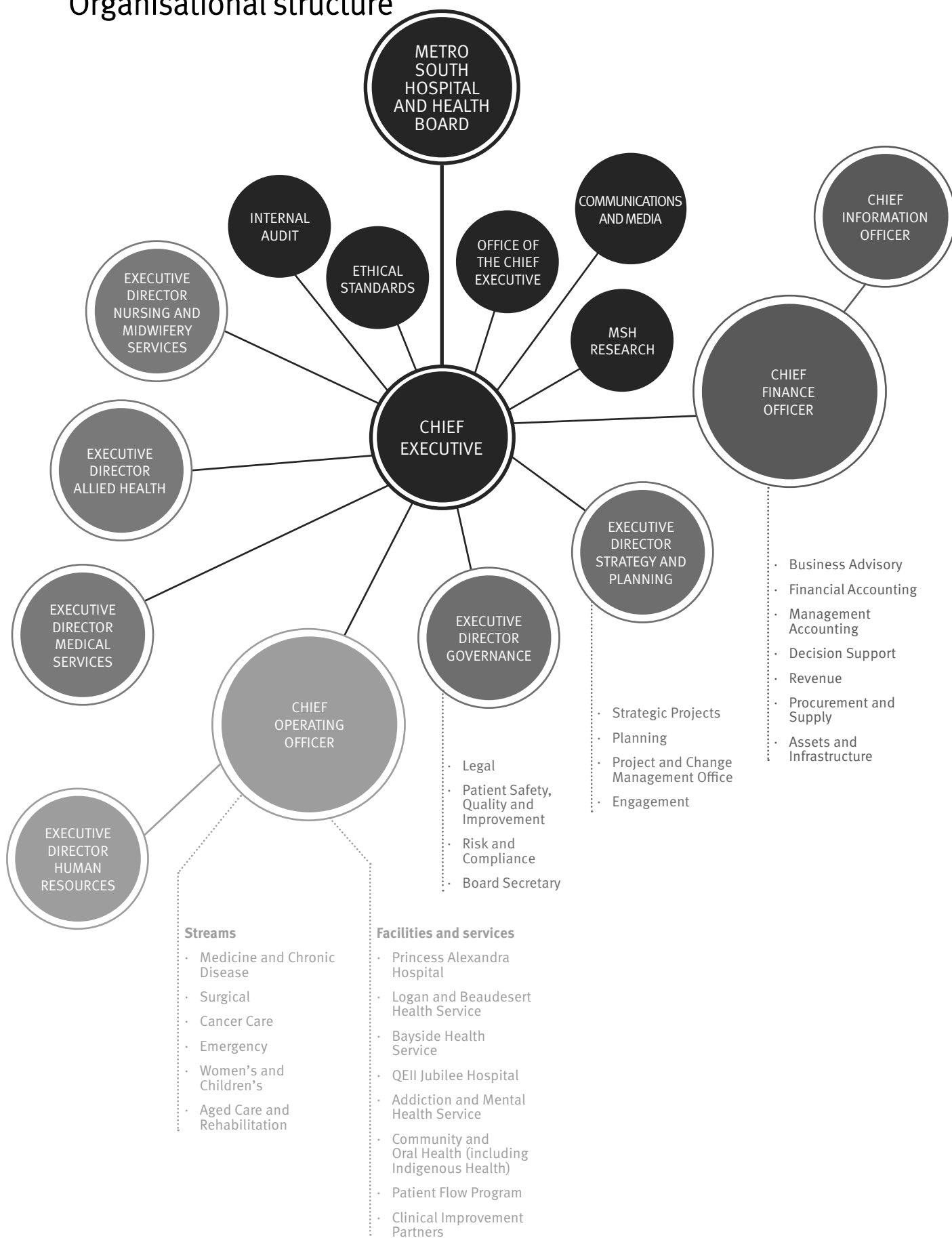
Chris Thornburn's career in senior and executive health management spans more than 25 years. During this period, she has managed large, diverse, acute and community health services, mental health services and health facilities.

Chris's qualifications include a Bachelor of Social Work and a Master of Business Administration. She is a Fellow of the Institute of Managers and Leaders and a Graduate of the Australian Institute of Company Directors.

Chris has held various senior leadership positions including District Manager (CEO equivalent); Local Health Network Chief Operating Officer; Executive Director of Mental Health and Executive Director of Corporate Governance and Strategy. While in these positions, she has led significant system and service redesign processes, as well as components of national reform projects. She has extensive experience in initiating, planning and implementing projects and reviews in complex environments across a range of inpatient and community service functions.

Prior to commencing as Executive Director, Governance Metro South Health, Chris worked in different executive roles within Metro North Hospital and Health Service and Health Support Queensland.

# Organisational structure



# Organisational structure and workforce profile

## Hospital and Health Board

The Metro South Hospital and Health Board (the Board) is responsible for setting the overall strategic direction, establishing goals and objectives for the health service, and monitoring the organisation in line with government health policies and directives. The Board reports to the Minister for Health and Minister for Ambulance Services, the Honourable Steven Miles MP.

## Metro South Health Executive

The Health Service Chief Executive (HSCE) is responsible for overall management, performance and activity outcomes for Metro South Health. The HSCE reports directly to the Board.

Reporting to the Chief Executive is a group of Executive Directors, each responsible for a service, portfolio or professional stream within the organisation.

## Workforce profile

Metro South Health employs 14,158 full-time equivalent (FTE) employees across multiple hospital and community facilities and services.

Other key workforce statistics include:

- 74% of our employees are female
- 43.8% of our employees work part-time
- 19.66% of our employees identify as coming from a non-English speaking background
- 267 employees identify as Aboriginal or Torres Strait Islander, representing 1.56% of our workforce as at 14 June 2020

Changes to employer arrangements came into effect from 15 June 2020. These changes mean all non-executive health service employees in hospital and health services (HHS) will be employed by the Director-General as system manager of Queensland Health. The changes ensure we have clear and consistent employer arrangements for non-executive health service employees in all HHSs and reflects the fact that staff work for the health of all Queenslanders, regardless of the hospital or HHS they are based in.

**Table 1:** More doctors and nurses\*

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Medical staff <sup>a</sup>	1,636	1,662	1,714	1,773	1,865
Nursing staff <sup>a</sup>	5,258	5,485	5,776	5,870	6,176
Allied Health staff <sup>a</sup>	1,806	1,843	1,917	1,917	2,030

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

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Persons identifying as being First Nations <sup>b</sup>	128	125	149	179	224

**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.

# Strategic workforce planning and performance

## Leadership, capability and culture

Metro South Health embarked upon a values-based cultural transformation in 2019-20. The health service adopted ICARE<sup>2</sup> (ICare squared) to reflect the core organisational values of: Integrity, Compassion, Accountability, Respect, Engagement, and Excellence.

Supporting materials for embedding the values across the health service have been developed with ongoing work to ensure role descriptions, selection processes, induction and orientation programs, performance planning systems and leadership and development activities incorporate, and align with, the ICARE<sup>2</sup> values.

Metro South Health employees participated in significant capability development and training activities during the 2019-20 year including:

- 72,695 corporate mandatory training courses completed including in a range of modules including orientation, work, health and safety, Aboriginal and Torres Strait Islander education, code of conduct, bullying and harassment and ethics, fraud and integrity
- 1679 employees participated in Metro South Health Leadership and Capability Team programs and workshops.

Metro South Health engaged in two health service-wide employee engagement surveys during 2019-20 in the form of the whole-of-government Working for Queensland Survey and Best Practice Australia Employee Survey.

## Health, safety and wellness

Metro South Health continued to implement the *We care about you: Metro South Health Safety and Wellness Strategy 2018-2020*. Key achievements during 2019-20 include:

- participation of 788 employees and an additional 799 of their partners and dependants in the self-funded Fitness Passport gym/pool membership program (as at 30 June 2020)
- adoption of Maybo work-related violence and aggression prevention training across the health service (noting face-to-face Maybo training for frontline staff was suspended due to social distancing requirements during the COVID-19 pandemic response)
- establishing the *Help's At Hand Employee Support Network* of Mental Health First Aid trained officers to support employees; and
- annual flu vaccination program with a total of 12,383 Metro South Health employees, volunteers, students and contractors receiving the flu vaccination during the 2019-20 year.

## First Nation Peoples Workforce Strategy

Metro South Health continued to expand its First Nation workforce in line with the *Pathways to inclusion: Metro South Health Aboriginal and Torres Strait Islander Workforce Strategy 2018-2022*. Under the strategy, an additional 40 Aboriginal and Torres Strait Islander trainees have been engaged in Metro South Health Operational Services roles to date. The health service has also progressed discussions with the vocational and tertiary education sectors in relation to student placement programs, graduate pipelines and alumni attraction strategies for people who identify as Aboriginal and Torres Strait Islander.

## Workforce pandemic preparedness planning

Metro South Health's workforce COVID-19 pandemic preparedness planning dominated much of the latter half of the 2019-20 year. Key focus areas of activity to ensure the health service's workforce is well placed to deal with any surge in the number of confirmed COVID-19 cases include:

- Workforce supply – retention of our existing workforce and attraction of a contingent workforce.
- Staff training and mobility – upskilling clinical and non-clinical employees to provide a contingent workforce to meet surge demand in areas such as intensive care and public health contact tracing. Systems were activated to support the rapid deployment of staff to meet changing

work demand or away from heightened risk of exposure to COVID-19 for those with health vulnerabilities (361 employees who identified as vulnerable employees remained on Metro South Health's vulnerable employee register as at 30 June 2020).

- Employee health, safety and wellness – supporting employees and line managers with fatigue management, resilience, mindfulness, working remotely and emotional intelligence education and awareness programs. The health service also ensured employees were trained in the clinically safe use of PPE appropriate to the COVID-19 exposure risk for their work areas;
- Leave and entitlements – supporting employees in accessing leave arrangements in the event that they are unwell or require to self-isolate while ensuring they continue to be paid their entitlements.

Importantly, Metro South Health adopted a rapid collaborative approach in partnering with both internal and external stakeholders, including the Department of Health and other Hospital and Health Services, to develop and operationalise employment and workforce arrangements as we responded to the rapidly evolving pandemic response.

### **Workforce research**

In November 2019, Metro South Health and Griffith University secured Australian Research Council Linkage Projects funding for a joint research project looking at the research topic of exploring the role of employee voice in improving outcomes for patients and employees in a large hospital setting.

In the 2019–20 period Metro South Health had a permanent employee separation rate of 5.06 per cent (most recent pay cycle for pay period ending 14 June 2020).

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

No redundancy, early retirement or retrenchment packages were paid during the 2019–20 period.



# Our risk management

## Internal audit

Internal audit 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 control and governance processes. The internal audit activity contributes to the effectiveness and efficiency of governance and control processes within Metro South Health.

The function operates under a Board-approved charter consistent with the International Professional Practices Framework of the Institute of Internal Auditors.

Internal Audit is independent of management. The Head of Internal Audit reports directly to the Audit and Risk Committee on the effective, efficient and economical operation of the function and has well developed systems to monitor performance. Internal Audit has no direct authority or responsibility for the activities which it audits or reviews. To ensure objectivity of the Internal Audit function, Internal Audit staff do not develop or install systems and procedures, nor are they engaged directly in any other activity which Internal Audit would normally review or appraise.

The Internal Audit function operates with due regard to Queensland Treasury Audit Committee Guidelines. The Internal Audit unit has a central role in improving operational processes and financial practices by:

- assessing the effectiveness and efficiency of Metro South Health's financial and operating systems, reporting processes and activities
- identifying operational deficiencies and noncompliance with legislation or prescribed requirements
- bringing a broad range of issues to management's attention, including performance, efficiency and economy
- monitoring whether agreed remedial actions have been undertaken.

The Strategic and Annual Internal Audit Plan, approved by the Audit and Risk Committee, directs the unit's activities and provides a framework for its effective operation. A risk based planning approach is used to develop audit plans, including considering Metro South Health risk registers and consulting with internal stakeholders and the Queensland Audit Office (QAO).

Metro South Health risk registers are regularly reviewed for changes in the organisational risk profile and potential impacts on planned audits and areas of Internal Audit focus. Audit reports include recommendations to address deficiencies in risk treatment and all audit reports are reviewed by the Audit and Risk Committee.

A highlight of internal audit activity in 2019-20 was the development of revised processes to provide greater clarity and promote responsibility over the follow-up of outstanding audit issues.

## External scrutiny, Information systems and recordkeeping

Metro South Health's operations are subject to regular scrutiny from external oversight bodies. These include QAO, Australian Council on Healthcare Standards, Office of the Health Ombudsman (OHO), Postgraduate Medical Education Council of Queensland, medical colleges, National Association of Testing Authorities and others.

### QAO Audit

As a public sector entity, Metro South Health is subject to annual audit by the QAO. The QAO also issued the following Auditor-General Reports to Parliament that contained recommendations of high relevance to Metro South Health:

- managing cyber security risks
- Health: 2018-19 results of financial audits
- addressing mine dust lung disease.

The recommendations contained within these reports are considered and action taken to implement the recommendations or address the issues raised, where considered appropriate by management.

## Risk management

Metro South Health is committed to managing risk in a proactive, integrated and accountable manner. Risk is an inherent part of a health service's operating environment. Risk management activities are incorporated into strategic planning, governance reporting and operational processes.

Metro South Health has a risk management policy and integrated risk management framework based on the Australian/New Zealand ISO Standard 31000:2018 for risk management. The policy and framework outline the health service's intent, roles and responsibilities and implementation requirements. All accountability areas are responsible for implementing the policy and framework and developing and maintaining risk registers.

The risk management framework defines the processes for risk identification, recording, rating, key controls identification, determination of risk treatment required and regular monitoring and reporting of risks.

Key accountability bodies within the risk framework are:

- The Board retains ultimate responsibility for monitoring key risks and ensuring there are systems and processes in place to identify, manage and monitor these risks. The Board has delegated responsibility for overseeing risk management activities to the Audit and Risk Committee.
- The Audit and Risk Committee oversees the assurance of the health service's risk management framework, and the internal control structure and systems' effectiveness for monitoring compliance with relevant laws, regulations and government policies.

The executive management team, known as Metro South Health Senior Leadership Team, has active risk management responsibilities both collectively and individually. An Executive Risk and Compliance Committee has been established to actively oversee risk management.

Risks are controlled within the financial and management accountabilities of each position. The Chief Executive is supported by the Executive Director of each stream and facility. The Chief Executive and Executive Directors manage risks with support from management structures within their areas of responsibility. Significant risks are reported to the Board, Audit and Risk Committee and the Executive Risk and Compliance Committee on a regular basis.

## Queensland Public Service ethics

The *Public Sector Ethics Act 1994* defines Metro South Health as a public service agency. The *Code of Conduct for the Queensland Public Service* applies to all employees of Metro South Health; and the health service is committed to upholding the values and standards of conduct developed under the *Public Sector Ethics Act 1994*, which consists of four core aspirational principles:

- Integrity and impartiality
- Promoting the public good
- Commitment to the system of government
- Accountability and transparency.

Metro South Health adopted a set of Values that define the organisation in 2020. They are Integrity, Compassion, Accountability, Respect, Engagement and Excellence (ICARE<sup>2</sup>).

All Metro South Health employees are required to undertake training in the *Code of Conduct for the Queensland Public Service* during their induction and following any change to the document. They are also required to undertake training to raise awareness and a positive workplace culture regarding inappropriate workplace behaviours such as bullying, harassment and discrimination along with training on ethics, fraud and conflicts of interest.

Employees can readily access the following training throughout the year on the code of conduct:

- orientation sessions
- intranet-based modules through LeapOnline
- digital training modules via computer.

## **Corrupt Conduct**

The Ethical Standards Unit is the central point within Metro South Health to receive, assess and refer allegations that raise a reasonable suspicion of corrupt conduct under section 15(1) and 15(2) of the *Crime and Corruption Act 2001* to the Crime and Corruption Commission (CCC). The Ethical Standards Unit is also responsible for co-ordinating, managing, reviewing and investigating major, complex and sensitive matters assessed as suspected corrupt conduct which includes Public Interest Disclosures. The unit enables the Chief Executive to fulfil the legislated obligations under the *Crime and Corruption Act 2001*.

Metro South Health is committed to preventing fraud, misconduct and corruption and has a zero-tolerance approach to such behaviour, which can take away vital resources from our health service and undermine public confidence in our work.

Metro South Health encourages employees to be aware of information about corrupt conduct, public interest disclosures, bullying, harassment or sexual harassment and processes for reporting or making a complaint of suspected corrupt conduct, including fraud.

Metro South Health has current policy and procedures relating to:

- Reporting Corrupt Conduct
- Public Interest Disclosures
- Employee Complaints
- Use of Social Media
- Workplace Conduct – Ethics, Integrity and Accountability
- Workplace Harassment, Sexual Harassment and Bullying
- Anti-discrimination and Vilification
- Management of Conflicts of Interest
- Gifts and Benefits
- Employees to notify supervisor if charged with or convicted of an indictable offence
- Access to patient information in electronic systems

## **Prevention**

Fraud is deception that is wrong or unlawful and intended to result in personal or financial gain. Metro South Health actively monitors transactions and workforce activity for suspected fraud, including timesheet fraud, procurement processes, corporate credit card transactions and overtime/travel payments.

During 2019-20, the CCC released 'Operation Impala – A report on misuse of confidential information in the Queensland public sector'. This document explained the CCC's investigation and examination of the practices of a representative group of Queensland public sector agencies regarding their management of confidential personal information. The CCC identified breaches of personal information have ongoing and long-lasting effects including stress, feelings of vulnerability, financial loss, and frustration with the difficulty of obtaining redress or adequate compensation.

Metro South Health is responsible for the management and monitoring of appropriate access to electronic systems used throughout the health service that record and store patient information. In reducing the risk of unauthorised access to patient information, Metro South Health conduct routine audits to proactively identify instances of alleged inappropriate access to patient databases, which are reported to the Ethical Standards Unit for assessment.

The Ethical Standards Unit promoted Fraud Awareness during the 2019-20 financial year with a focus on four key fraud messages regarding Conflicts of Interest, False timesheet submissions, Unauthorised access to public sector databases and Theft. Posters, electronic newsletters and online banners were also used to promote the fraud themes which highlighted the contribution all staff can make to preventing, detecting and reporting fraud.

## Assessment and Investigation

On 1 July 2014, Metro South Health was provided the authority by the Crime and Corruption Commission to assess and deal with certain categories of suspected corrupt conduct matters (Section 40 Direction). An updated Direction was signed by the HSCE, Metro South Health in August 2019. As such, the assessment of suspected corrupt conduct matters is undertaken by the Ethical Standards Unit. In recommending a course of action, the Ethical Standards Unit may seek assistance from specialist stakeholders relevant to the allegations, such as:

- Human Resources
- Facility Managers
- The Respective Metro South Executive
- Chief Financial Officer.

If an allegation of suspected corrupt conduct is made about the Health Service Chief Executive, then the complaint is to be referred to the Chair of the Metro South Hospital and Health Board. The Chair will then determine whether there is a reasonable suspicion of corrupt conduct and how the matter is to be dealt with.

## Human Rights Act 2019

Metro South Health has made a concerted effort to develop a culture that respects, protects, and promotes the human rights of staff, volunteers and people who access our services.

The *Human Rights Act 2019* (Human Rights Act) came into effect on 1 January 2020. Metro South Health has taken steps to promote the Human Rights Act as well as the specific rights contained within it to staff, including:

- delivering a series of all-staff information forums (July – December 2019)
- targeted training for Patient Safety Officers, Consumer Liaison Officers, Clinical Governance staff and Metro South Health Board Members
- training for departments that requested support
- providing a suite of materials available on the Metro South Health intranet including general information on the Human Rights Act, guidelines and checklists for policy reviews, and links to videos.

Training sessions were delivered face-to-face until March 2020 and then transitioned to online presentations due to the COVID-19 pandemic.

Work is underway to develop a comprehensive decision-making guide for use across Metro South Health.

## Human Rights Complaints and Outcomes

Metro South Health received 319 customer complaints relevant to the Human Rights Act during the period 1 January – 30 June 2020. No staff complaints were recorded for this reporting period.

Some of concerns raised during this reporting period were in relation to the following rights contained in the Human Rights Act:

- recognition and equality before the law;
- right to life;
- freedom of movement;
- privacy and reputation;
- protection of families and children; and
- right to health services.

All complaints made in this reporting period have been resolved at a local level, with no complaints escalated to the Queensland Human Rights Commission. The complaints received were all resolved by:

- further explanation of the reasoning behind the decision; or
- issuing an apology; or
- business improvement (ie – the review of a procedure, staff training or education, service improvement etc).

Metro South Health has partnered with consumers as well as multicultural and disability advocates to co-design the consumer feedback procedure to be compliant with the Act. Involving these key stakeholders in the design of the procedure has resulted in a modified, patient-centred approach to handling compliments and complaints within Metro South Health.

## **Reviews undertaken for compatibility**

Significant work has been undertaken across Metro South Health to review a large number of policies, procedures, work instructions, programs, practices and services to ensure compatibility with the Human Rights Act. A high percentage of this work has been completed however work is ongoing to ensure compatibility is achieved as soon as possible.

## **Human Rights in a time of COVID-19**

During the COVID-19 pandemic, Metro South Health played an essential role in the government's efforts to protect and support Queenslanders. From a human rights perspective, Metro South Health acted and made decisions which protected the human rights of its staff, patients and the wider community.

The COVID-19 pandemic has resulted in significant change within Metro South Health, like many other government agencies. Human rights have remained integral to decisions made about services, programs and other issues required to manage the pandemic.

To comply with the Right to Health Services, Metro South Health resumed elective surgery as soon as it was safe and manageable to do so after the peak of the outbreak. In Metro South Health, there was a significant increase in services delivered by telehealth to ensure that patients could still access appropriate healthcare, even if they couldn't attend a hospital campus.

The rights of staff, particularly the safety of frontline workers, have been of paramount consideration. Where practical, staff have been provided with the opportunity to work from home during the pandemic. A vulnerable staff register has been established to keep staff at highest risk from COVID-19 safe. Staff have also been entitled to use special leave if their sick leave has been exhausted.

In protecting the rights of people within the Metro South Health catchment, some human rights at times were limited such as:

- Freedom of movement; and
- Right to health services.

Most of these limitations were brought about as a result of the implementation of the Chief Health Officer's Directives made pursuant to the *Public Health Act 2005*.

When making decisions, Metro South Health was mindful of its need to consider human rights and ensure that any limitations were reasonable and justified. Actions and decisions taken by Metro South Health included:

- suspending operations/ services which could not be conducted in compliance with social distancing requirements
- ensuring flexible responses so public services could continue despite social distancing requirements
- increased funding to services working to support vulnerable communities and persons vulnerable to COVID-19
- obtaining adequate PPE supplies to ensure the safety of staff and patients; and

- supporting staff through flexible working arrangements and other initiatives including special initiatives aimed at identified vulnerable staff.

The Metro South Health Board, Executive and staff were mindful of the Human Rights Act when making decisions which affected Queenslanders. Decisions were made to minimise the limitations on people's human rights and ensure their rights were protected and respected as much as possible.

Metro South Health understands the importance of human rights and will continue to prioritise human rights and build a culture within Metro South Health that respects and protects all in the community.

## Confidential information

In accordance with section 160 of the *Hospital and Health Boards Act 2011*, Metro South Health is required to include a statement in its Annual Report detailing the disclosure of confidential information in the public interest.

There were nil disclosures under this provision during 2019–20.

## Open data

Additional annual report disclosures—relating to expenditure on consultancy, overseas travel and implementation of the Queensland Language Services Policy – are published on the Queensland Government's open data website, available at: [www.data.qld.gov.au](http://www.data.qld.gov.au).

# Performance

## **Demand on services**

Metro South Health is one of the busiest and most highly accessed health services in Australia. Our community continues to increase, which means the demand for healthcare services continues to grow. The health service is the major provider of public health services on the southside of Brisbane, where we serve an estimated population of 1.1 million people—a quarter of Queensland’s population.

The 2019-20 financial year saw an impact on the demand on our services as a result of the COVID-19 global pandemic.

## **Emergency and elective surgeries**

Emergency presentations increased by one point four per cent, with 99.8 percent of category one patients being ‘seen in time’.

Elective surgeries decreased from the previous financial year. During the COVID-19 pandemic, Metro South Health remained dynamic and responded to increased cases by deferring non-urgent elective surgery to ensure the health and safety of our staff and community. However, by 30 June 2020, the health service was well on its way back to 100% capacity. Metro South will remain vigilant and responsive to any future COVID-19 cases or outbreaks.

## **Redland Hospital ED expansion**

More than 30,000 additional residents are expected to call the Redlands Coast home in the next decade and demand for healthcare services continues to grow. As a response to this, the Redland Hospital Emergency Department was expanded by an additional four short stay beds as part of a \$1.73 million investment by the Queensland Government.

## **Breast screening**

Breast screening across the Metro South Health catchment area was temporarily deferred due to COVID-19 safety measures. Services have been reinstated but continue to remain dynamic. The 2019-20 financial year saw a reduction in breast screening services.

## **Telehealth services and virtual health clinics**

The number of telehealth outpatient services increased by 5,729 patients, in response to the COVID-19 pandemic. In addition to telehealth services, between April and June 2020, Metro South undertook 6,125 phone consultations to deliver essential healthcare for patients, negating the need for them to travel to hospital if not required during the COVID-19 pandemic, and helping to prevent the spread of the virus.

## **Acute care at home**

A specialised team of 60 nurses were assembled to deliver front line care to isolated and COVID-positive patients in the comfort of their own homes as part of the Acute Care at Home service. The team continues to monitor patients across the Metro South Health catchment who are isolating at home or at a hotel as a result of COVID-19.

## **Logan Expansion Project**

Logan is one of the fastest growing regions in the state with more than 70,000 people expected to move to the area within the next decade. To ensure Logan Hospital can continue to provide high-quality healthcare services for our community, the hospital needs to grow. As a result, the Queensland Government is investing a total of \$460 million dollars in the Logan Hospital Expansion.

The 2019-20 financial year saw the completion of the Mental Health Lounge in March 2020 and the opening of a new medical ward.

The Mental Health Lounge has been added to Logan Hospital's Emergency Department, creating a welcoming and comfortable environment for our patients and their families. The unit was constructed within the existing courtyard space of the emergency department, and includes a patient lounge, consult rooms, staff station and access to an outside area. The space provides a safe and quiet area for our mental health patients to be triaged and treated, while being located near the emergency department to ensure a cohesive response to individual patient needs.

The hospital's new medical ward, Ward 2M opened in February 2020. The 28-bed ward was manufactured offsite and then delivered to the hospital. The ward provides general medical care to patients and easing the pressure on the emergency department. The ward is staffed with 77 new employees, including doctors, nurses, health professionals and support staff.

Future plans as part of the Logan Hospital expansion include the expansion of the hospital's maternity services and the addition of the new multi-level carpark.

## **Logan Maternity**

Since the Maternity Unit first opened 25 years ago, more than twice the number of babies are now being born at Logan Hospital. To meet demand, Logan Maternity needs to grow, and plans to refurbish and expand Logan Hospital's maternity service are underway. This expansion will include an additional six maternity inpatient beds in a mix of single and double ensuite rooms.

The plans also include five additional birth suites. This will bring Logan Hospital's total number of birth suites to 14. The suites will be larger and more comfortable and a number of these will contain birthing pools, providing greater choice for women in the local area. The Special Care Nursery will also undergo improvements including the addition of 10 cots, and will enable parents to stay with their baby whilst they receive the specialised care they need.

Metro South Health is also continuing to invest in and provide vital maternity care for at-risk women across Logan through Maternity and Child Health Hubs. The Hubs build on the existing Midwifery Group Practice offered at Logan Hospital and ensure continuity of care in the community throughout pregnancy and while birthing at Logan Hospital.

## **Redland Maternity**

The Redland Hospital Birthing Unit expansion, which was part of a \$1.73 million investment by the Queensland Government, opened in March 2020.

This expansion includes a new birth suite, the refurbishment of two existing birth suites, and a refurbished Maternity Assessment Unit, as well as the introduction of water birthing with three new birthing pools, enabling greater options and choice for women of the Redlands Coast.



# Service standards

Metro South Health is responsible for providing public hospital and other health services, including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatients, mental health, critical care and clinical support services.

## Emergency departments

In 2019–20, Metro South Health's emergency departments have seen more patients than during 2018–19. Not only have we seen an overall growth in demand in the wake of the COVID-19 pandemic, our emergency departments have seen an increase in the most complex and urgent presentations, compared to the previous financial year.

Despite an increase in urgent and complex presentations, 75 per cent of all presentations to our emergency departments were seen within clinically recommended timeframes for their respective urgency category—an increase of approximately nine per cent compared to 2018–19. Metro South Health has maintained its performance with 68 per cent of patients admitted or discharged from an emergency department within four hours.

## Patient Access Coordination Hub (PACH)

This state-of-the-art command centre, run in partnership with Queensland Ambulance Service (QAS), continues to help Metro South Health manage efficient patient flow across the health service to ensure patients receive the right care at the right time.

A new project within PACH has revolutionised emergency care on the southside enabling patients to be taken more directly to the most appropriate hospital for their care rather than being transferred later. The project, which commenced in late August 2019, accommodates the increase in presentations and has reduced the process of rapid offload of patients from ambulances, which was a growing trend on the south side. It has improved patient management across the whole health service and increased the transfer of patient load between hospitals to prevent single hospitals being overwhelmed during fluctuations in demand.

The priority was to ensure a more equitable distribution of patients to appropriate facilities and to realise the benefits of taking patients with a clinical history to the hospital most familiar with their care to ensure better care and improved availability of emergency department beds to the community.

## Specialist outpatients

Metro South Health saw 76.3 per cent of category one specialist outpatients within clinically recommended timeframes. This includes 11,737 outpatient appointments delivered in virtual clinics via Telehealth during the COVID-19 pandemic - double the number of those the previous year.

## Allied health-led outpatient clinics

Metro South Health continued to use allied health-led clinics to fast track treatment for patients on the specialist outpatient wait list. Many patients on the specialist outpatient wait list do not need to see a consultant or receive surgery for their condition and can benefit from conservative management from an allied health practitioner. The clinics include:

- Orthopaedic Conservative Management Clinics
  - Physiotherapy and Podiatry services
  - Hand therapy- Occupational Therapy and Physiotherapy services
- Integrated Specialist ENT Clinic
  - Including Audiology, Physiotherapy and Speech Pathology services
- Dietitian First Gastroenterology Clinics

- Dietitian First Allergy Clinic
- Back Assessment Clinic
  - Physiotherapy service
- Jaw Assessment Clinic
  - Physiotherapy service
- Integrated Allied Health Paediatric Service
  - Psychology led multidisciplinary clinics
- Pelvic Health Clinics
  - Physiotherapy services
- Vestibular Clinics -ENT & Neurology
  - Physiotherapy and Audiology services

The range of conditions which are streamed to Allied Health for conservative management continues to expand in these clinics in consultation from medical consultants.

Other extended scope allied health service delivery models are also in place within outpatient clinics across MSH to support timely and safe patient care. Recently commenced examples of these include Insulin Dosage Adjustment and Percutaneous Endoscopic Gastrostomy care roles by dietitians.

### **Mater Health Services partnership**

Metro South Health continued its partnership with Mater Health Services, which allows our patients to access additional public specialist outpatient services at no cost. Under a long-term agreement, Metro South Health patients referred to the most in-demand specialties are offered the opportunity to receive care at Mater's South Brisbane or Springfield campuses.

Under the agreement with Mater Health Services, patients transferred to a Mater facility must be seen and treated within the clinically recommended timeframes.

### **Safety and quality**

Metro South Health is dedicated to providing safe, high quality healthcare for patients, staff and visitors at all times. To stop the spread of COVID-19, Metro South Health implemented fever clinics across the region and introduced visitor restrictions across all hospitals and allied health services where appropriate.

This also includes constant vigilance around hospital-acquired infection rates. The Department of Health target rate for healthcare-associated Staphylococcus aureus bacteraemia infection is fewer than two per 10,000 occupied bed days. Metro South Health performed well below this rate at 0.70 during 2019–20. Metro South Health will continue to work to reduce healthcare associated infections.

### **Value for money**

Activity Based Funding (ABF) is the primary financing mechanism for public hospitals. Under this model, Weighted Activity Units (WAU) provide a common unit of comparison for all clinical activities, so that hospital activity can be measured and costed consistently.

Metro South Health provided 402,987 WAU of activity in 2019–20. At 31 March 2020, the cost per WAU for Activity Based Funding facilities in Metro South Health was \$4,959 which was lower than the previous year and the Department of Health target of \$4,998.

The information below outlines Metro South Health's performance against the other key service standards defined in the *Service Delivery Statement* and *Service Agreement* with the Department of Health.

**Table 3: Service Standards – Performance 2019-20**

<b>Service Standards</b>	<b>Target</b>	<b>Actual</b>
<b>Effectiveness measures</b>		
Percentage of patients attending emergency departments seen within recommended timeframes: <sup>a</sup>		
- Category 1 (within 2 minutes)	100%	99.8%
- Category 2 (within 10 minutes)	80%	69.7%
- Category 3 (within 30 minutes)	75%	71.4%
- Category 4 (within 60 minutes)	70%	81.1%
- Category 5 (within 120 minutes)	70%	95.1%
Percentage of emergency department attendances who depart within four hours of their arrival in the department <sup>a</sup>	>80%	68.2%
Percentage of elective surgery patients treated within clinically recommended times: <sup>b</sup>		
- Category 1 (30 days)	>98%	97.8% <sup>1</sup>
- Category 2 (90 days)	>95%	85.0%
- Category 3 (365 days)	>95%	91.5%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days <sup>c</sup>	<2	0.7 <sup>2</sup>
Rate of community follow-up within 1-7 days following discharge from an acute mental health inpatient unit <sup>d</sup>	>65%	51.1%
Proportion of readmissions to an acute mental health inpatient unit within 28 days of discharge <sup>d</sup>	<12%	13.2% <sup>3</sup>
Percentage of specialist outpatients waiting within clinically recommended times: <sup>e</sup>		
- Category 1 (30 days)	45%	57.1% <sup>1</sup>
- Category 2 (90 days)	47%	37.7%
- Category 3 (365 days)	86%	82.4%
Percentage of specialist outpatients seen within clinically recommended times: <sup>e</sup>		
- Category 1 (30 days)	75%	76.3% <sup>1</sup>
- Category 2 (90 days)	70%	59.9%
- Category 3 (365 days)	85%	85.2%
Median wait time for treatment in emergency departments (minutes) <sup>a</sup>	..	13
Median wait time for elective surgery (days) <sup>b</sup>	..	35
<b>Efficiency measure</b>		
Average cost per weighted activity unit for Activity Based Funding facilities <sup>f,g</sup>	\$ 4,998	\$ 4,959 <sup>4</sup>
<b>Other measures</b>		
Number of elective surgery patients treated within clinically recommended times: <sup>b</sup>		
- Category 1 (30 days)	9,105	8,919 <sup>1</sup>
- Category 2 (90 days)	10,400	9,270
- Category 3 (365 days)	5,391	4,013
Number of Telehealth outpatient occasions of service events <sup>h</sup>	5,646	11,737

\*\*

<sup>1</sup> Non urgent elective surgery and specialist outpatient services were temporarily suspended as part of COVID-19 preparation. Seen in time performance and service volumes were impacted as a result.

<sup>2</sup> The Epidemiology and Research Unit in the Communicable Diseases Branch are unable to provide full year SAB data as resources are redirected to the COVID-19 response. SAB data presented as Mar-20 FYTD and is preliminary.

<sup>3</sup> Readmission to acute Mental Health inpatient unit data presented as May-20 FYTD.

**Table 3: Service Standards – Performance 2019-20 (continued)**

<b>Service Standards</b>	<b>Target</b>	<b>Actual</b>
<b>Other measures (continued)</b>		
Total weighted activity units (WAU's): <sup>g</sup>		
- Acute Inpatient	219,930	219,759 <sup>5</sup>
- Outpatients	72,890	74,309
- Sub-acute	29,522	29,213
- Emergency Department	45,768	43,451
- Mental Health	28,904	28,170
- Prevention and Primary Care	8,967	7,968
Ambulatory mental health service contact duration (hours) <sup>d</sup>	>174,933	164,000
Staffing <sup>i</sup>	13,478	14,158

<sup>5</sup> 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.

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

## Financial summary

Metro South Health's operational result was a deficit of \$9.434 million for the year ending 30 June 2020. This represents a 0.35 per cent variance against its expenditure of \$2.679 billion. The result was impacted by COVID-19 and while there was a National Partnership Agreement (NPA) to provide funding relief, not all impacts were covered under the NPA.

In 2019-20 Metro South Health has continued to deliver increased services and provide safe and quality services to its population base. The 2019-20 year was a challenging one which was significantly impacted by the global pandemic – COVID-19. This disrupted normal service provision and required a reduced range of service for a period of time while Metro South Health ensured its readiness in the event of widespread community transmission. Aside from the service delivery interruption, significant additional costs were incurred, which contributed to the deficit position for the financial year.

Future fiscal challenges are likely to continue from the pandemic, general economic conditions, potentially increasing service demand, increasing costs from technology improvements, population ageing, and increasing prevalence of chronic disease conditions, along with ongoing efficiency and productivity improvements required.

### Revenue and expenditure

Metro South Health's income is sourced from two major areas:

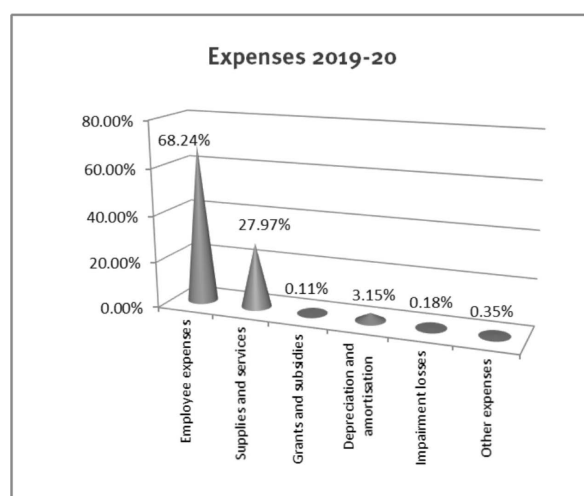
- Department of Health funding for public health services (including Commonwealth contributions)
- Own source revenue.

Metro South Health's total income was \$2.67 billion, which is an increase of \$141.43 million (5.3 per cent) from 2018-2019:

- the activity based funding for hospital services was 78.79 per cent or \$2.104 billion
- block and other Department of Health funding was 10.09 per cent or \$269.388 million
- Commonwealth grants and other grants funding was 1.99 per cent or \$53.09 million for health services
- own source revenue was 9 per cent or \$240.171 million
- other revenue was 0.13 per cent or \$3.4 million.

The total expenses were \$2.679 billion, averaging at \$7.341 million a day for providing public health services. Total expenditure increased by \$135.823 million (5.34 per cent) from last financial year.

Major areas of expenditure are shown in the following graph:



## **Assets and liabilities**

Metro South Health's asset base amounts to \$1.372 billion, 90.5 per cent or \$1.242 billion of this is held in property, plant and equipment and right-of-use assets. The remaining balance of \$129.4 million is held in cash, receivables and inventory.

Metro South Health's liabilities total \$168.782 million and consist of payables, employee benefits and lease liabilities, leaving an equity base of \$1.203 billion.

## **Anticipated maintenance**

Anticipated maintenance is a common building maintenance strategy utilised by public and private sector industries. All Queensland Health entities comply with the Queensland Government Maintenance Management Framework which requires the reporting of anticipated maintenance. Anticipated maintenance is defined as maintenance that is necessary to prevent the deterioration of an asset or its function, but which has not been carried out. Some anticipated maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe. As of 3 June 2020, Metro South Health had reported anticipated maintenance of \$150.4 million.

Metro South Health has the following strategies in place to mitigate any risks associated with these items:

- seeking funding assistance from the Priority Capital Program
- ongoing risk assessment and condition assessment reviews
- target available operational maintenance funding to the priority items identified in the risk assessment.

# Financial Statements

For the year ended 30 June 2020

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## General Information

The Metro South Hospital and Health Service is a not-for-profit Queensland Government statutory body under the *Hospital and Health Boards Act 2011*. The Metro South Hospital and Health Service operates under its registered trading name of Metro South Health.

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

The head office and principal place of business of Metro South Health is:

Princess Alexandra Hospital, Building 15, Level 3  
199 Ipswich Road  
Woolloongabba Q 4102

For information in relation to Metro South Health's financial statements visit the Metro South Health website:

[www.metrosouth.health.qld.gov.au](http://www.metrosouth.health.qld.gov.au) or email: [MetroSouthCorro@health.qld.gov.au](mailto:MetroSouthCorro@health.qld.gov.au)

Metro South Health  
**Statement of Comprehensive Income**  
For the year ended 30 June 2020

	Notes	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance* \$'000	2019 Actual \$'000
<b>Income from continuing operations</b>					
Funding for public health services	A1-1	2,373,070	2,299,425	73,645	2,234,373
User charges and fees	A1-2	240,171	209,072	31,099	231,247
Grants and other contributions	A1-3	53,093	55,704	(2,611)	59,660
Other revenue	A1-4	3,428	1,409	2,019	3,006
<b>Total revenue</b>		<b>2,669,762</b>	<b>2,565,610</b>	<b>104,152</b>	<b>2,528,286</b>
Gain on disposal or re-measurement of assets		207	-	207	253
<b>Total income from continuing operations</b>		<b>2,669,969</b>	<b>2,565,610</b>	<b>104,359</b>	<b>2,528,539</b>
<b>Expenses from continuing operations</b>					
Employee expenses	A2-1	1,828,415	1,759,409	69,006	1,762,156
Health service employee expenses	A2-2	65,915	-	65,915	-
Supplies and services	A2-3	683,592	686,367	(2,775)	683,324
Grants and subsidies	A2-4	2,847	846	2,001	1,751
Interest on lease liabilities	B10	343	-	343	-
Depreciation and amortisation	B6,B10	84,481	87,475	(2,994)	82,386
Impairment losses		4,859	1,710	3,149	3,782
Other expenses	A2-5	8,951	29,803	(20,852)	10,181
<b>Total expenses from continuing operations</b>		<b>2,679,403</b>	<b>2,565,610</b>	<b>113,793</b>	<b>2,543,580</b>
<b>Operating result for the year</b>		<b>(9,434)</b>	<b>-</b>	<b>(9,434)</b>	<b>(15,041)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to operating result</i>					
Increase in asset revaluation surplus	B11	23,956	35,672	(11,716)	29,621
<b>Total other comprehensive income</b>		<b>23,956</b>	<b>35,672</b>	<b>(11,716)</b>	<b>29,621</b>
<b>Total comprehensive income</b>		<b>14,522</b>	<b>35,672</b>	<b>(21,150)</b>	<b>14,580</b>

\*An explanation of major variances is included at Note D1.

The accompanying notes form part of these statements.



Metro South Health  
**Statement of Financial Position**  
As at 30 June 2020

		2020	2020		2019
	Notes	Actual \$'000	Original Budget \$'000	Budget Variance* \$'000	Actual \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	B1	53,578	47,184	6,394	49,810
Receivables	B2	35,988	64,786	(28,798)	51,143
Contract assets	B3	15,661	-	15,661	-
Inventories	B4	20,695	16,024	4,671	16,639
Other assets	B5	3,473	4,204	(731)	4,222
Non-current assets held for sale		-	-	-	6,623
<b>Total current assets</b>		<b>129,395</b>	<b>132,198</b>	<b>(2,803)</b>	<b>128,437</b>
<b>Non-current assets</b>					
Intangibles		731	662	69	997
Property, plant and equipment	B6	1,227,776	1,335,934	(108,158)	1,228,211
Right-of-use assets	B10	14,276	-	14,276	-
<b>Total non-current assets</b>		<b>1,242,783</b>	<b>1,336,596</b>	<b>(93,813)</b>	<b>1,229,208</b>
<b>Total assets</b>		<b>1,372,178</b>	<b>1,468,794</b>	<b>(96,616)</b>	<b>1,357,645</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	B7	139,201	72,105	67,096	57,517
Accrued employee benefits	B8	13,562	84,840	(71,278)	74,303
Contract liabilities	B9	1,187	-	1,187	-
Lease liabilities	B10	2,082	-	2,082	-
Other liabilities		187	-	187	1,069
<b>Total current liabilities</b>		<b>156,219</b>	<b>156,945</b>	<b>(726)</b>	<b>132,889</b>
<b>Non-current liabilities</b>					
Lease liabilities	B10	12,563	-	12,563	-
<b>Total non-current liabilities</b>		<b>12,563</b>	<b>-</b>	<b>12,563</b>	<b>-</b>
<b>Total liabilities</b>		<b>168,782</b>	<b>156,945</b>	<b>11,837</b>	<b>132,889</b>
<b>Net assets</b>		<b>1,203,396</b>	<b>1,311,849</b>	<b>(108,453)</b>	<b>1,224,756</b>
<b>Equity</b>					
Contributed equity	B12	981,707	1,065,189	(83,482)	1,018,194
Accumulated surplus/(deficit)		(14,784)	(7,139)	(7,645)	(5,955)
Asset revaluation surplus	B11	236,473	253,799	(17,326)	212,517
<b>Total equity</b>		<b>1,203,396</b>	<b>1,311,849</b>	<b>(108,453)</b>	<b>1,224,756</b>

\*An explanation of major variances is included at Note D2.  
The accompanying notes form part of these statements.

Metro South Health  
**Statement of Changes in Equity**  
For the year ended 30 June 2020

	Notes	Accumulated surplus/(deficit) \$'000	Asset revaluation surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		<b>9,357</b>	<b>182,896</b>	<b>1,075,331</b>	<b>1,267,584</b>
Net effect of changes in accounting policies		(271)	-	-	(271)
Operating result from continuing operations		(15,041)	-	-	(15,041)
<b>Other comprehensive income for the year</b>					
Increase in asset revaluation surplus	B11	-	29,621	-	29,621
<b>Total comprehensive income for the year</b>		<b>(15,312)</b>	<b>29,621</b>	<b>-</b>	<b>14,309</b>
<b>Transactions with owners as owners:</b>					
Equity asset transfers	B12	-	-	(9,871)	(9,871)
Equity injections	B12	-	-	35,120	35,120
Equity withdrawals	B12	-	-	(82,386)	(82,386)
<b>Net transactions with owners as owners</b>		<b>-</b>	<b>-</b>	<b>(57,137)</b>	<b>(57,137)</b>
<b>Balance at 30 June 2019</b>		<b>(5,955)</b>	<b>212,517</b>	<b>1,018,194</b>	<b>1,224,756</b>
	Notes	Accumulated surplus/(deficit) \$'000	Asset revaluation surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>		<b>(5,955)</b>	<b>212,517</b>	<b>1,018,194</b>	<b>1,224,756</b>
Net effect of changes in accounting policies	E7-4	605	-	-	605
Operating result from continuing operations		(9,434)	-	-	(9,434)
<b>Other comprehensive income for the year</b>					
Increase in asset revaluation surplus	B11	-	23,956	-	23,956
<b>Total comprehensive income for the year</b>		<b>(8,829)</b>	<b>23,956</b>	<b>-</b>	<b>15,127</b>
<b>Transactions with owners as owners:</b>					
Equity asset transfers	B12	-	-	(1,382)	(1,382)
Equity injections	B12	-	-	49,376	49,376
Equity withdrawals	B12	-	-	(84,481)	(84,481)
<b>Net transactions with owners as owners</b>		<b>-</b>	<b>-</b>	<b>(36,487)</b>	<b>(36,487)</b>
<b>Balance at 30 June 2020</b>		<b>(14,784)</b>	<b>236,473</b>	<b>981,707</b>	<b>1,203,396</b>

The accompanying notes form part of these statements.

Metro South Health  
**Statement of Cash Flows**  
For the year ended 30 June 2020

	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance* \$'000	2019 Actual \$'000
Notes				
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Funding for public health services	2,288,589	2,211,950	76,639	2,151,988
User charges and fees	233,869	207,139	26,730	237,072
Grants and other contributions	33,711	35,116	(1,405)	39,699
Interest received	394	80	314	696
GST input tax credits from ATO	38,579	29,814	8,765	35,599
GST collected from customers	6,256	4,689	1,567	6,909
Other receipts	2,724	1,329	1,395	2,129
<i>Outflows:</i>				
Employee expenses	(1,889,155)	(1,747,156)	(141,999)	(1,753,628)
Supplies and services	(650,485)	(686,680)	36,195	(679,243)
Grants and subsidies	(2,847)	(846)	(2,001)	(1,751)
GST paid to suppliers	(38,590)	(29,836)	(8,754)	(34,122)
GST remitted to ATO	(6,204)	(4,696)	(1,508)	(7,155)
Other	(8,210)	(9,215)	1,005	(9,517)
<b>Net cash provided by operating activities</b>	<b>8,631</b>	<b>11,688</b>	<b>(3,057)</b>	<b>(11,324)</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Sale of property, plant and equipment	495	-	495	493
<i>Outflows:</i>				
Payments for property, plant and equipment	(52,689)	(37,718)	(14,971)	(26,397)
<b>Net cash provided by investing activities</b>	<b>(52,194)</b>	<b>(37,718)</b>	<b>(14,476)</b>	<b>(15,904)</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections	B12 49,376	27,827	21,549	35,120
<i>Outflows:</i>				
Lease payments	(2,045)	-	(2,045)	-
<b>Net cash provided by financing activities</b>	<b>47,331</b>	<b>27,827</b>	<b>19,504</b>	<b>35,120</b>
Net increase/(decrease) in cash and cash equivalents	3,768	1,797	1,971	7,892
Cash and cash equivalents at the beginning of the financial year	49,810	45,387	4,423	41,918
<b>Cash and cash equivalents at the end of the financial year</b>	<b>53,578</b>	<b>47,184</b>	<b>6,394</b>	<b>49,810</b>

\*An explanation of major variances is included at Note D3.  
The accompanying notes form part of these statements.

Metro South Health

## Statement of Cash Flows

For the year ended 30 June 2020

### NOTES TO THE STATEMENT OF CASH FLOWS

The following table reconciles the operating result to net cash provided by operating activities:

#### CF-1 RECONCILIATION OF OPERATING RESULT TO NET CASH FROM OPERATING ACTIVITIES

	2020	2019
	\$'000	\$'000
<b>Operating result from continuing operations</b>	<b>(9,434)</b>	<b>(15,041)</b>
<i>Non-cash items:</i>		
Net adjustment due to change in accounting policy	605	(271)
Depreciation/amortisation expense	84,481	82,386
Depreciation and amortisation funding	<b>(84,481)</b>	<b>(82,386)</b>
Assets written (on)/off	<b>(378)</b>	<b>(316)</b>
Lease interest	343	-
Net gain/loss on sale of property, plant and equipment	60	237
Services below fair value	<b>21,121</b>	<b>19,523</b>
Donations services below fair value	<b>(21,121)</b>	<b>(19,523)</b>
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	<b>14,112</b>	<b>10,483</b>
(Increase)/decrease in loss allowance on trade receivables	<b>1,044</b>	<b>678</b>
(Increase)/decrease in inventories	<b>(4,056)</b>	<b>(905)</b>
(Increase) / decrease in contract assets	<b>(15,661)</b>	<b>-</b>
(Increase)/decrease in prepayments	<b>749</b>	<b>(299)</b>
Increase/(decrease) in contract liabilities and unearned revenue	<b>304</b>	<b>(354)</b>
Increase/(decrease) in accrued employees expenses	<b>(60,740)</b>	<b>8,528</b>
Increase/(decrease) in payables	<b>81,683</b>	<b>(14,064)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>8,631</b>	<b>(11,324)</b>

## **BASIS OF FINANCIAL STATEMENT PREPARATION**

### **Compliance with prescribed requirements**

Metro South Health has prepared these financial statements in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 39 of the *Financial and Performance Management Standard 2019*. These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities as Metro South Health is a not-for-profit entity. The financial statements also comply with Queensland Treasury's reporting requirements and authoritative pronouncements. Amounts are recorded at their historical cost, except where stated otherwise.

Metro South Health has prepared these financial statements on a going concern basis, which assumes that Metro South Health will be able to meet the payment terms of its financial obligations as and when they fall due. Metro South Health's primary source of income is from the Department of Health for the provision of public health services and Metro South Health's ability to continue viable operations is dependent on this funding. At the date of this report, management has no reason to believe that this financial support will not continue.

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

### **The reporting entity**

The financial statements include the value of all income, expenses, assets, liabilities and equity of Metro South Health.

Metro South Health does not have any controlled entities.

### **Taxation**

Metro South Health is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes recognised by Metro South Health. GST credits receivable from and GST payable to the Australian Tax Office (ATO) are recognised in note B2.

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

### **Authorisation of financial statements for issue**

The financial statements are authorised for issue by the Chair, Metro South Hospital and Health Board, the Chief Executive, Metro South Health and the Chief Financial Officer, Metro South Health, at the date of signing the Management Certificate.

### **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 and outlined in the relevant notes to the financial statements.

Key judgements and estimates are disclosed in the relevant notes to which they apply.

Metro South Health

## Notes to the Financial Statements

For the year ended 30 June 2020

### **BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)**

#### **Currency, rounding and comparatives**

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.

The comparative information has been restated where necessary to be consistent with disclosures in the current reporting period and to improve transparency across the years.

#### **Current and non-current classification**

Assets and liabilities are classified as either current or non-current in the Statement of Financial Position and associated notes.

Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date.

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or Metro South Health does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**A NOTES ABOUT FINANCIAL PERFORMANCE**

**A1 INCOME**

**NOTE A1-1: FUNDING FOR PUBLIC HEALTH SERVICES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Activity based funding	<b>2,103,682</b>	1,982,908
Block funding	<b>184,907</b>	169,079
Other funding	<b>84,481</b>	82,386
	<b><u>2,373,070</u></b>	<u>2,234,373</u>

Metro South Health's funding is provided predominantly by the Department of Health for specific public health services purchased in accordance with an enforceable contract under a Service Agreement. The Department of Health's purchasing model determines the volume and type of services to be purchased from Metro South Health. The Service Agreement includes activity based funding where funding is provided specifically with a targeted level of activity attached and where funding contributes to the ABF environment. The Service Agreement also includes block funding of different services including community services and other funding for depreciation funding provided as non-cash revenue to be offset against an equity withdrawal which is presented in the Statement of Changes in Equity.

Payments received under the Service Agreement represents funding from both the Commonwealth and State funding for public health services. The Commonwealth pays their contribution of the National Health Funding directly to the Department of Health, for distribution to the Hospital and Health Services. Cash funding from the Department of Health is received fortnightly for State payments, while Commonwealth payments are received on a monthly basis. Metro South Health recognises revenue over time in line with the satisfaction of the relevant performance obligations.

The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Metro South Health. The performance obligations are monitored, the price attached to these obligations is identified and any adjustments to revenue are recognised progressively in line with these obligations being met. At the end of the financial year, an agreed technical adjustment between the Department of Health and Metro South Health may be required for the level of services performed above or below agreed levels resulting in contract assets or contract liabilities raised.

The Service Agreement between the Department of Health and Metro South Health includes depreciation funding provided by non-cash revenue recognised monthly at that point in time to be offset against an equity withdrawal which is presented in the Statement of Changes in Equity.

**NOTE A1-2: USER CHARGES AND FEES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers</b>		
Hospital fees	<b>99,213</b>	99,619
Sale of goods and services	<b>52,203</b>	51,105
Pharmaceutical benefit scheme reimbursements	<b>85,698</b>	78,055
<b>Other user charges and fees</b>		
Rental income	<b>3,057</b>	2,468
	<b><u>240,171</u></b>	<u>231,247</u>

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**NOTE A1-2: USER CHARGES AND FEES (CONTINUED)**

Revenue is recognised at a point in time when Metro South Health transfers control over a good or service to the customer, when performance obligations are satisfied and measured at the amount of the transaction price allocated to the performance obligation.

Where consideration is received for performance obligations to be satisfied in the following year, revenue is deferred with a contract liability being recognised.

Hospital fees include inpatient and outpatient fees, medical ineligible patient fees, compensable patient fees. Revenue is recognised at a point in time when the performance obligations are met.

The sale of goods and services includes drugs, medical supplies, pathology, conducting research programs and other medical services provided to other hospital and health services, to the Department of Health and other organisations. Revenue is recognised at a point in time when these goods and services are delivered and service obligations are met.

Under the Pharmaceutical Benefit Scheme (PBS), the Australian Government subsidises the cost of a wide range of necessary prescription medicines for most medical conditions. Revenue is recognised at a point in time when service obligations are met and drugs are provided to patients at the reduced PBS rate and claims lodged for co-payments through the PBS arrangement. Where Metro South Health has satisfied the performance obligations for drugs provided but not yet claimed through the PBS arrangement a contract asset is raised.

Rental income is recognised under AASB16 Leases accounting standard over the lease term in accordance with the operating lease agreement.

**NOTE A1-3: GRANTS AND OTHER CONTRIBUTIONS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers</b>		
Nursing home grant	<b>6,358</b>	5,796
Home and community care grant	<b>1,276</b>	1,257
Transition care program grant	<b>9,949</b>	9,321
Organ and tissue donation for transplant	<b>2,967</b>	2,883
Other grants - contracts with customers	<b>3,694</b>	-
	<b>24,244</b>	19,257
<b>Other grants and contributions</b>		
Other specific purpose grants	<b>2,555</b>	2,765
Other grants	<b>4,198</b>	17,588
Donations services below fair value*	<b>21,121</b>	19,523
Donations assets**	<b>68</b>	136
Donations other	<b>907</b>	391
	<b>53,093</b>	59,660

\*Metro South Health receives corporate services support from the Department of Health for no direct cost. Corporate services received would have been purchased if they were not provided by the Department of Health and include payroll services, accounts payable and banking services. The fair value of corporate services received in 2019-20 are estimated by the Department of Health were \$19.990 million (2019: \$18.558 million) for payroll services and \$1.131 million (2019: \$0.965 million) for accounts payable and banking services. An equal amount of expense is recognised as services below fair value, refer Note A2-2.

\*\*Contributed assets recognised at their fair value, refer Note B6.

Grants and contributions are transactions where Metro South Health receives funds to further its objectives. Where an agreement is enforceable and contains sufficiently specific performance obligations for Metro South 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*.



## Metro South Health

### Notes to the Financial Statements

For the year ended 30 June 2020

#### **NOTE A1-3: GRANTS AND OTHER CONTRIBUTIONS (CONTINUED)**

In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. A contract asset representing Metro South Health's right to consideration for services delivered but not yet billed will be raised where applicable.

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 Metro South Health. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as Metro South Health satisfies its obligations under the grant through construction of the asset.

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. When this is the case, an equal amount is recognised as revenue and an expense. There was no change in the timing of revenue recognition from prior year.

The following provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms, and revenue recognition for Metro South Health's grants and contributions that are contracts with customers:

- The Nursing home grant is provided to the Redland Residential Care Services. Metro South Health's obligation under the grant agreement is to provide personal care to approved recipients based on agreed level of care. The total grant funding is recognised over time as personal care services are provided. As at 30 June 2020, no contract liability or contract asset has been recognised as consideration is received for all performance obligations satisfied during the period.
- Under the Commonwealth Home and Community Care program, Metro South Health's obligation is to provide goods (consumables), equipment or assistive technology which enables clients to perform tasks they would otherwise be unable to do in accordance with an activity work plan. Revenue is recognised over time as goods and services are provided to patients. As at 30 June 2020, no contract liability or contract asset has been recognised as consideration is received for all performance obligations satisfied during the period.
- The Transition Care Program supports eligible aged care clients for transitional care after a hospital stay. Metro South Health's obligation is to provide eligible patients with care packages in accordance with an approved cared plan. The total grant funding is recognised over time as patient care is provided in accordance with a defined schedule of daily rates for services. As at 30 June 2020, no contract liability or contract asset has been recognised as consideration is received for all performance obligations satisfied during the period.
- The Organ and Tissue Donation for Transplantation program is to maximise donation opportunities to improve the availability of the organs and tissues under the Donate Life National Program. Metro South Health's obligation under this agreement is to deliver goods and services and to manage the overall DonateLife program of Queensland Health. Revenue is recognised over time as the goods and services are consumed. As at 30 June 2020, a contract asset was recorded as service obligations exceeded funding provided.
- Other grants – contract with customer includes Specialist Training Programs (STP) and Motor Accident Insurance Commission (MAIC) agreements. Under the STP agreements with multiple medical colleges, Metro South Health's obligation is to provide eligible trainees appropriate training placement within the specific area of speciality. Revenue is recognised over time as trainees receive the training. As at 30 June 2020, a contract liability has been recorded for services not yet provided. The agreement with the MAIC is to pilot a program for a new model of care for Acquired Brain Injury Rehabilitation in Queensland. Metro South Health's obligation is to facilitate early community integration of people with an acquired brain injury and to provide home based interdisciplinary rehabilitation program. Revenue is recognised over time as services are delivered. As at 30 June 2020, no contract liability or contract asset has been recognised for MAIC as consideration is received for all performance obligations satisfied during the period.

Metro South Health's other grant agreements are assessed as either not containing sufficiently specific performance obligations or not enforceable agreements and accounted for under AASB 1058 *Income of Not-for-Profit Entities*.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**NOTE A1-3: GRANTS AND OTHER CONTRIBUTIONS (CONTINUED)**

These grants are recognised upon receipt of the grant funding and include the following:

- Other specific purpose grants are provided to support asset replacement of radiation oncology over time within the discretion of the health service and it is not an enforceable contract.
- Other grants predominantly fund research, clinical drug trials and clinical education. These grants are not sufficiently specific allowing funds to be used for broad objectives as a result revenue is recognised on receipt of the funds.

Metro South Health received grants from the Commonwealth and State Government for programs that have not been fully completed at the end of the financial year resulting in \$1.509 million (2019: \$0.756 million) unspent funds as at 30 June.

Use of these funds is restricted to delivering the programs agreed under the grant agreements and Metro South Health has budgeted to spend this funding on these programs in the 2020-21 financial year.

**NOTE A1-4: OTHER REVENUE**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	394	696
General recoveries	792	1,399
Other	2,242	911
	<u>3,428</u>	<u>3,006</u>

Revenue is recognised for other revenue when it is received or when the right to receive payment has been established.

**A2 EXPENSES**

**NOTE A2-1: EMPLOYEE EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee benefits</b>		
Wages and salaries*	1,443,003	1,402,816
Employer superannuation contributions	156,355	144,473
Annual leave levy/expense	177,298	169,050
Long service leave levy/expense	35,295	29,322
Termination benefits	1,252	891
	<u>1,813,203</u>	<u>1,746,552</u>
<b>Employee related expenses</b>		
Workers compensation premium	11,058	10,829
Other employee related expenses	4,154	4,775
	<u>1,828,415</u>	<u>1,762,156</u>
	<b>30 June 2020</b>	<b>30 June 2019</b>
Number of Employees**	695	13,407

\*Wages and salaries includes \$9.150 million one-off, pro-rata payments for 7,321 full-time equivalent employees (announced in September 2019).

\*\*The number of employees as at 30 June includes full-time and part-time employees measured on a full-time equivalent (FTE) basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)). The number of employees does not include the chair, deputy chair or members of the board. The number of employees represent the employees of Metro South Health after non-executive health service employees transferred to the Department of Health from 15 June 2020. A non-executive health service employee is any employee who is not a Senior Health Service employee (Senior Medical Officer, Visiting Medical Officer) or a member of the Health Executive Service. The number of employees transferred at 15 June 2020 were 13,461. See Note A2-2.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**NOTE A2-1: EMPLOYEE EXPENSES (CONTINUED)**

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

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, levies are payable by Metro South Health to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears, which is currently facilitated by the Department of Health. Non-vesting employee benefits such as sick leave are recognised as an expense when taken.

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary.

The QSuper scheme has defined benefit and defined contribution categories. Contributions are expensed in the period in which they are payable and Metro South Health's obligation is limited to its contribution to QSuper. The liability for defined benefit 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*.

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

Key management personnel and remuneration expenses disclosures are detailed in Note E1.

**NOTE A2-2: HEALTH SERVICE EMPLOYEE EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Health service employee expenses	<u><u>65,915</u></u>	<u><u>-</u></u>
Number of employees*	<b>13,461</b>	-

\*The number of health service employees reflects full-time employees, part-time health service employees and temporary external agency labour measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) at the end of the year.

**Health service employee expenses**

From the 15 June 2020, all non-executive health service employees in Hospital and Health Services have been employed by the Director-General as system manager of Queensland Health.

A non-executive health service employee is any employee who is not:

- a Senior Health Service Employee (including Senior Medical Officers and Visiting Medical Officers), or
- a member of the Health Executive Service.

The transfer to the Department of Health as the employer has not changed which Act, Award or EB Agreement that staff are employed under. Employment under the *Hospital and Health Boards Act 2011* continues.

As established under the *Hospital and Health Boards Act 2011*, the Department of Health is the employer for all health service employees (excluding persons appointed as a Health Executive) and recovers all employee expenses and associated on-costs from hospital and health services. Health service employee expenses represent the cost of the Department of Health employees and other contracted staff to the HHS, paid via invoice, to provide public health services.

In accordance with the *Hospital and Health Boards Act 2011*, the employees of the Department of Health are referred to as health service employees.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**NOTE A2-2: HEALTH SERVICE EMPLOYEE EXPENSES (CONTINUED)**

Under this arrangement:

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

Metro South Health discloses the reimbursement of these costs as health service employee expenses.

**NOTE A2-3: SUPPLIES AND SERVICES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Consultants and contractors	<b>25,089</b>	27,236
Electricity and other energy	<b>13,541</b>	14,698
Patient travel	<b>1,407</b>	1,549
Other travel	<b>1,673</b>	2,002
Building services	<b>10,296</b>	4,978
Computer services	<b>32,764</b>	16,815
Motor vehicles	<b>1,131</b>	1,000
Communications	<b>30,674</b>	27,671
Repairs and maintenance	<b>46,249</b>	44,524
Minor works including plant and equipment	<b>4,931</b>	6,069
Rent expenses*	<b>13,891</b>	13,266
Lease expenses	<b>578</b>	2,300
Drugs	<b>115,928</b>	108,449
Clinical supplies and services	<b>295,689</b>	308,322
Catering and domestic supplies	<b>32,302</b>	32,899
Insurance payment to the Department of Health**	<b>19,316</b>	16,548
Inter entity hospital and health service supplies and services***	<b>5,914</b>	14,682
Services below fair value****	<b>21,121</b>	19,523
Other	<b>11,098</b>	20,793
	<b>683,592</b>	683,324

\*Rent expenses include office accommodation, employee housing and motor vehicles with the Department of Housing and Public Works under government-wide frameworks. These arrangements are classified as procurement services rather than as leases because DHPW has substantive rights over the assets. Lease expenses include lease payments for short-term leases or leases of low-value assets. Refer note B10.

\*\*Metro South Health is covered by the Department of Health's insurance policy with the Queensland Government Insurance Fund (QGIF) and pays a fee to the Department of Health 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. Premiums are calculated by QGIF on a risk assessment basis.

\*\*\*Inter entity hospital and health services supplies and services include payments for cost recovery arrangements between Queensland Health entities. This is recorded as other supplies and services and no further breakdown recorded in the accounts.

\*\*\*\* Metro South Health receives corporate services support from the Department of Health for no direct cost. Corporate services received would have been purchased if they were not provided by the Department of Health and include payroll services, accounts payable and banking services. The fair value of corporate services received in 2019-20 are estimated by the Department of Health were \$19.990million (2019: \$18.558 million) for payroll services and \$1.131 million (2019: \$0.965 million) for accounts payable and banking services. An equal amount of revenue is recognised as donations services below fair value, refer Note A1-2.

For a transaction to be classified as supplies and services, the value of goods or services received by Metro South 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 in Note A2-4.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**NOTE A2-4: GRANTS AND SUBSIDIES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Home and community health services	189	140
Medical research and education programs	<u>2,658</u>	<u>1,611</u>
	<u><b>2,847</b></u>	<u><b>1,751</b></u>

**NOTE A2-5: OTHER EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
External audit fees*	329	288
Other audit fees	219	387
Insurance	115	108
Inventory written off	436	118
Losses from the disposal of non-current assets	197	490
Special payments - ex-gratia payments**	34	42
Other legal costs	656	1,304
Journals and subscriptions	173	374
Advertising	770	384
Interpreter fees	5,677	5,872
Grants returned	3	534
Other	<u>342</u>	<u>280</u>
	<u><b>8,951</b></u>	<u><b>10,181</b></u>

\*Total audit fees relating to Queensland Audit Office for the 2019-20 financial year are quoted to be \$0.329 million (2019: \$0.288 million). There are no non-audit services included in this amount.

\*\* Metro South Health made 23 (2019: 27) special-ex-gratia payments for less than \$5,000 to patients for their lost property and other compensations whilst in hospital care. In 2019-20 there were 2 payments for and in excess of \$5,000 to staff as a settlement payment (\$20,000) and to a patient as reimbursement for lost items (\$5,990). In 2018-19 there were 1 payment for and in excess of \$5,000 to a patient for adverse clinical incident (\$8,000). In compliance with Financial and Performance Management Standard 2019, Metro South Health maintains a register setting out details of all special payments greater than \$5,000.

**B NOTES ABOUT FINANCIAL POSITION**

**B1 CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	31,434	29,077
24 hour call deposits	<u>22,144</u>	<u>20,733</u>
	<u><b>53,578</b></u>	<u><b>49,810</b></u>

Metro South Health's bank accounts are grouped within the whole-of-government set-off arrangement with Queensland Treasury Corporation. Metro South Health does not earn interest on surplus funds and is not charged interest or fees for accessing its approved cash debit facility as it is part of the whole-of-government banking arrangements.

Metro South Health  
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**B1 CASH AND CASH EQUIVALENTS (CONTINUED)**

Metro South Health's General Trust funds are operating from Commonwealth Bank of Australia bank accounts. Cash held in these accounts earns interest at a rate of 0.85% (2019: 1.6%). In addition, General Trust funds in excess of monthly operational requirements are deposited at call with Queensland Treasury Corporation and earn interest at a rate of 0.86% (2019: 2.38%). Refer to Notes C1 and E3.

Cash assets include all cash received but not banked as at 30 June as well as deposits at call with financial institutions.

**B2 RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade debtors	<b>36,683</b>	40,795
Queensland Health debtors	<b>479</b>	10,437
Less: Loss allowance	<b>(4,420)</b>	(3,376)
	<b>32,742</b>	47,856
GST receivable	<b>3,801</b>	3,790
GST payable	<b>(555)</b>	(503)
<b>Net receivable</b>	<b>35,988</b>	51,143

Trade debtors are recognised at the amounts due at the time of sale or service delivery and are generally settled within 30-120 days.

Metro South Health applies AASB 9 *Financial Instruments* using the simplified approach measuring lifetime expected credit losses on receivables. Metro South Health determined that trade debtors are the only material group for measuring expected credit losses and there is no loss allowance provided for government debtors as they represent high credit rating and in turn, a low risk of default.

Metro South Health uses a provision matrix to calculate the historical loss rates based on incurred losses of the last four financial years. The loss allowance for trade debtors reflects the credit risk associated with the receivable balances, taking into account the lifetime expected credit losses. Metro South Health has also considered reasonable and supportable future-looking information for expected changes in macro economic indicators that may affect the future recovery of its receivables and determined that there was no correlation between those indicators and debtors default rate.

The closing balance of receivables that are arising from contracts with customers at 30 June 2020 is \$35.919 million (1 July 2019: \$25.026 million).

Where Metro South Health has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 60 days past due and Metro South Health has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in loss allowance</b>		
<b>Balance at 1 July</b>	<b>3,376</b>	2,698
Loss allowance 1 July re-measurement adjustment*	-	271
Increase/(decrease) in allowance recognised in operating result	<b>3,143</b>	2,073
Amounts written off during the year	<b>(2,099)</b>	(1,666)
<b>Balance as at 30 June</b>	<b>4,420</b>	3,376

\*Metro South Health recognised additional impairment loss on its trade receivables on adoption of AASB 9 at 1 July 2018.

Metro South Health  
**Notes to the Financial Statements**  
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**B2 RECEIVABLES (CONTINUED)**

**Financial assets**

No collateral is held as security and no credit enhancements relate to financial assets held by Metro South Health. No financial assets and financial liabilities have been offset and presented in the Statement of Financial Position.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables. Under AASB 9, a loss allowance is assessed for all receivables.

**Impairment of Receivables**

	2020			2019		
	Gross receivables	Loss rate	Expected credit loss	Gross receivables	Loss rate	Expected credit loss
	\$'000	%	\$'000	\$'000	%	\$'000
Trade debtors	29,678	14.90	(4,420)	22,804	14.80	(3,376)
Adjustment to trade debtors*	7,005	-	-	3,169	-	-
State Government debtors	-	-	-	51	-	-
Commonwealth Government debtors	-	-	-	1,781	-	-
Accrued revenue	-	-	-	12,990	-	-
<b>Total Trade Debtors</b>	<b>36,683</b>	<b>n/a</b>	<b>(4,420)</b>	<b>40,795</b>	<b>n/a</b>	<b>(3,376)</b>
Queensland Health debtors	479	-	-	10,437	-	-
<b>Total Debtors</b>	<b>37,162</b>	<b>n/a</b>	<b>(4,420)</b>	<b>51,232</b>	<b>n/a</b>	<b>(3,376)</b>

\* These receivables raised at 30 June for billing to Medicare for invoices of MediRecords for private practice billing and these invoices are not subject to impairment.

**B3 CONTRACT ASSETS**

	2020	2019
	\$'000	\$'000
<b>Current</b>		
Contract assets	<u>15,661</u>	<u>-</u>

Contract assets arise from contracts with customers, and are transferred to receivables when Metro South Health's right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer. Contract assets have been assessed for impairment under AASB9. The loss rate has been assessed as nil and no provision for expected credit loss has been raised.

Contract asset balance of \$15.661 million as at 30 June 2020 has decreased by \$8.127 million from the opening balance of \$23.788 million as at 1 July 2019. The decrease mainly relates to reduction of contract asset for health services for private providers and Queensland Health entities. Refer note E7.

**B4 INVENTORIES**

	2020	2019
	\$'000	\$'000
<b>Inventories held for distribution</b>		
Medical supplies	13,929	10,212
Pharmaceutical Supplies	5,907	5,201
Catering and domestic	187	569
Engineering	672	657
	<u>20,695</u>	<u>16,639</u>

Metro South Health  
**Notes to the Financial Statements**  
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**B4 INVENTORIES (CONTINUED)**

Inventories consist mainly of pharmaceutical and medical supplies held for distribution in Metro South Health hospitals. Inventories are measured at weighted average cost adjusted for obsolescence. Material imprest holdings are recognised as inventory at balance date through the annual stocktake process at weighted average cost.

**B5 OTHER ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Prepayments	<u>3,473</u>	<u>4,222</u>
<b>B6 PROPERTY, PLANT AND EQUIPMENT</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land</b>		
At fair value	<u>240,306</u>	<u>239,418</u>
<b>Buildings</b>		
At fair value	1,998,345	1,902,746
Less: Accumulated depreciation	<u>(1,161,483)</u>	<u>(1,072,996)</u>
	<u>836,862</u>	<u>829,750</u>
<b>Plant and equipment</b>		
At cost	345,088	335,974
Less: Accumulated depreciation	<u>(213,842)</u>	<u>(194,620)</u>
	<u>131,246</u>	<u>141,354</u>
<b>Capital works in progress</b>		
At cost	<u>19,362</u>	<u>17,689</u>
<b>Total property, plant and equipment</b>	<u>1,227,776</u>	<u>1,228,211</u>

**Recognition Thresholds**

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 recognised at acquisition. Items below these values are expensed.

<b>Class</b>	<b>Threshold</b>
Buildings (including land improvements)	\$10,000
Land	\$1
Plant and Equipment	\$5,000

**Acquisition**

Actual cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as consideration plus any costs directly incurred in getting the asset ready for use. Any training costs are expensed as incurred. The cost of items acquired during the financial year has been judged by management to materially represent the fair value at the end of the reporting period.

Assets under construction are at cost until they are ready for use. These assets are assessed at fair value upon practical completion by an independent valuer.



## Notes to the Financial Statements

For the year ended 30 June 2020

### B6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Where assets are received from Queensland Government agencies free of charge, the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation. Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

#### Measurement

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amount for such plant and equipment at cost is not materially different from their fair value. Land and buildings are measured at fair value as required by Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported by their revalued amount, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

#### Depreciation

Key estimate and judgement: The depreciation rate is determined by application of appropriate useful life to relevant non-current asset classes.

##### Non-current asset useful lives

Class	Useful life (years)
Buildings (including land improvements)	Between 16 to 82
Plant and Equipment	Between 3 to 47

The useful lives could change significantly as a result of change in use of the asset, technical obsolescence or some other economic event. The impact on depreciation can be significant and could also result in a write-off of the asset.

Buildings and plant and equipment are depreciated on a straight-line basis. Land is not depreciated. Assets under construction or work-in-progress are not depreciated until they reach service delivery capacity.

Any expenditure that increases the originally assessed service potential of an asset is capitalised and depreciated over the remaining useful life of the asset. The depreciable amount of improvements to leasehold property is allocated progressively over the shorter of the estimated useful lives of the improvements or the unexpired period of the lease, which is inclusive of any option period where exercise of the option is probable.

The estimated useful lives of the assets are reviewed annually and, where necessary, are adjusted to better reflect the pattern of consumption of the asset. In reviewing the useful life of each asset, factors such as asset usage and the rate of technical obsolescence are considered.

Metro South Health's complex assets are its buildings. 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. Components are separately recognised and valued on the same basis as the asset class to which they relate.

#### Impairment

All non-current assets are assessed annually for indicators of impairment. If an indicator of impairment exists, Metro South Health determines the asset's recoverable amount and if this amount is less than the asset's carrying amount it is considered as an impairment loss. An impairment loss is recognised in accordance with AASB 136 *Impairment of Assets* accounting standard.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**B6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Property, Plant &amp; Equipment reconciliation</b>	<b>Land*</b> <b>\$'000</b>	<b>Land**</b> <b>\$'000</b>	<b>Buildings***</b> <b>\$'000</b>	<b>Plant and equipment</b> <b>\$'000</b>	<b>Work in progress</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
	<b>Level 2</b>	<b>Level 3</b>	<b>Level 3</b>			
<b>Balance at 1 July 2018</b>	129,201	115,950	858,373	148,508	15,716	1,267,748
Acquisitions	-	-	463	20,315	9,062	29,840
Donations received	-	-	-	136	-	136
Disposals	-	-	-	(677)	-	(677)
Donations made	-	-	-	(22)	-	(22)
Transfers in/(out) from other Queensland Government	(6,830)	-	(2,891)	(150)	-	(9,871)
Assets reclassified as held for sale	(4,600)	-	-	(2,023)	-	(6,623)
Transfers between asset classes	-	-	1,876	5,213	(7,089)	-
Transfer recognised in operating surplus/(deficit)	-	-	-	150	-	150
Revaluation increments/(decrements) to asset revaluation surplus****	5,897	(200)	23,924	-	-	29,621
Depreciation charge	-	-	(51,995)	(30,096)	-	(82,091)
<b>Balance at 1 July 2019</b>	<b>123,668</b>	<b>115,750</b>	<b>829,750</b>	<b>141,354</b>	<b>17,689</b>	<b>1,228,211</b>
Acquisitions	158	-	19,688	17,371	15,404	52,621
Donations received	-	-	-	68	-	68
Disposals	-	-	-	(405)	-	(405)
Donations made	-	-	-	(10)	-	(10)
Transfers in/(out) from other Queensland Government	1,030	-	4,172	40	-	5,242
Transfers between asset classes	-	-	13,697	34	(13,731)	-
Transfer recognised in operating surplus/(deficit)	-	-	-	228	-	228
Revaluation increments/(decrements) to asset revaluation surplus****	-	(300)	24,256	-	-	23,956
Depreciation charge	-	-	(54,701)	(27,434)	-	(82,135)
<b>Balance at 30 June 2020</b>	<b>124,856</b>	<b>115,450</b>	<b>836,862</b>	<b>131,246</b>	<b>19,362</b>	<b>1,227,776</b>

\* Land level 2 assets are land with active market.

\*\* Land transferred from level 2 to level 3 due to lack of observable inputs.

\*\*\* Buildings level 3 assets are special purpose built buildings with a lack of observable inputs.

\*\*\*\*Refer Note B11

## Notes to the Financial Statements

For the year ended 30 June 2020

### B6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Fair value measurement and valuation

Key estimate and judgement: Property, plant and equipment valuation in respect of fair value measurement can be sensitive to the various valuation inputs selected. Considerable judgement is required to determine what input is significant to fair value and therefore which category within the fair value hierarchy the asset is placed. Valuation standards are used to guide any required judgements.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions (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. Observable inputs are publicly available data that are relevant to the characteristics of the assets being valued, and include but are not limited to, published sales data for land and general buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets being valued. Unobservable inputs are used to the extent that sufficient, relevant and reliable observable inputs are not available for similar assets.

Significant unobservable inputs used by Metro South Health include, but are not limited to:

- subjective adjustments made to observable data to take account of the specialised nature of health service buildings including historical and current construction contracts (and/or estimates of such costs); and
- assessments of physical condition and remaining useful life.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets;
- 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.

Land and building asset classes are measured at fair value and are assessed on an annual basis by an independent professional valuer or by the use of appropriate and relevant indices. Metro South Health has an Asset Valuation Steering Committee that oversees the revaluation processes managed by Metro South Finance. That committee undertakes an annual review of the revaluation practices and reports to Metro South Health's Audit and Risk Committee regarding the outcomes of the valuation, indices and recommendations arising from the valuation process.

Revaluations using independent professional valuers are undertaken at least once every five 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.

## Metro South Health

### Notes to the Financial Statements

For the year ended 30 June 2020

#### B6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The valuation methodology for the independent valuation uses historical and current construction contracts. The replacement cost of each building at date of valuation is determined by taking into account Brisbane location factors and comparing against current construction contracts. The valuation is provided for a replacement building of the same size, shape and functionality that meets current design standards, and is based on estimates of gross floor area, number of floors, building girth and height and existing lifts and staircases.

This method makes an adjustment to the replacement cost of the modern day equivalent building for any utility embodied in the modern substitute that is not present in the existing asset (e.g. mobility support) to give a gross replacement cost that is of comparable utility (the modern equivalent asset). The methodology makes further adjustment to total estimated life taking into consideration physical obsolescence impacting on the remaining useful life to arrive to the current replacement cost via straight line depreciation.

Where assets have not been specifically valued in the reporting period, their fair values are updated (if material) via the application of relevant indices.

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

#### Land

Land is measured at fair value each year using independent market valuations or indexation by the State Valuation Service (SVS) within the Department of Natural Resources, Mines and Energy.

In 2019-20, Metro South Health's land was valued by SVS using independent market valuation or market indices. The effective date of the valuation was 30 June 2020. Management, through the Asset Valuation Steering Committee, has assessed the valuation provided by SVS as appropriate for Metro South Health and endorsed the result of the independent valuation.

The fair value of land was based on physical inspection and publicly available data on sales of similar land in nearby localities. For the land that is categorised into level 2 of the fair value hierarchy, SVS used observable inputs from market transactions data. In determining the values, adjustments were made to the sales data to take into account the location of Metro South Health's land, its size, street/road frontage and access and any significant restrictions. The land assets that are categorised into level 3 of the fair value hierarchy have significant, unobservable inputs, due to adjustments made to the observable inputs which would have been used to determine their value.

The revaluation of land for 2019-20 resulted in \$0.3 million decrement (2019: \$5.697 million increment) to the carrying amount of land.

#### Buildings

In 2019-20 Metro South Health engaged independent experts, AECOM quantity surveyors, to undertake building indexation assessment in accordance with the fair value methodology. AECOM determined an index relevant to Metro South Health's building portfolio in order to maintain fair value. These indices are either publicly available, or are derived from market information available, and AECOM provides assurance of their robustness, validity and appropriateness for application. The effective date of the valuation was 30 June 2020.

The index for buildings based on the movement in construction cost was 3% and resulted in a \$24.256 million increment (2019: \$23.92 million increment) to the fair value of buildings.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**B7 PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	<b>40,915</b>	21,344
Accrued expenses	<b>28,051</b>	30,347
Department of Health payables	<b>70,235</b>	5,826
	<b><u>139,201</u></b>	<b><u>57,517</u></b>

Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the nominal amount, at agreed purchase/contract price, gross of applicable trade and other discounts. The amounts are unsecured and are generally settled in accordance with the vendors' terms and conditions, typically within 30 days.

**B8 ACCRUED EMPLOYEE BENEFITS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages accrued	<b>12,669</b>	67,625
Other employee entitlements payable	<b>893</b>	6,678
	<b><u>13,562</u></b>	<b><u>74,303</u></b>

No provision for annual leave and long service leave is recognised by Metro South Health as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049.

**B9 CONTRACT LIABILITIES**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Contract liabilities	<b><u>1,187</u></b>	<b><u>-</u></b>

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

During the 2019-20 financial year, from the contract liability balance of 1 July 2019 \$0.273 million has been recognised as revenue for Queensland Oncology Online project where performance obligations have been progressively met.

Contract liability balance of \$1.187 million as at 30 June 2020 has increased by \$0.723 million from the opening balance of \$0.464 million as at 1 July 2019. The increase represents public health funding received for palliative care for services not yet provided. Refer note E7.

Metro South Health

**Notes to the Financial Statements**

For the year ended 30 June 2020

**B10 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

**B10-1 Leases as lessee**

A new accounting standard AASB 16 Leases came into effect in 2019-20, resulting in significant changes to Metro South Health's accounting for leases where Metro South Health is the lessee. As at 1 July 2019, Metro South Health recognised \$12.006 million right-of-use assets and lease liabilities. On transition, \$0.605 million lease incentive liability was derecognised and written-back to accumulated surplus. For more information on first time application of new accounting standards refer Note E7.

<b>Right-of-use assets</b>	<b>2020</b>
	<b>\$'000</b>
Buildings - Fair value	16,356
Buildings - Accumulated depreciation	(2,080)
	<u>14,276</u>
<b>Right-of-use assets movement</b>	<b>Buildings at cost</b>
	<b>\$'000</b>
<b>Opening balance 1 July 2019</b>	<b>12,006</b>
Additions	4,410
Depreciation charge for the year	(2,080)
Other adjustments	(60)
<b>Balance at 30 June 2020</b>	<u><u>14,276</u></u>

**Lease liabilities**

	<b>2020</b>
	<b>\$'000</b>
<b>Current</b>	
Lease liabilities	2,082
<b>Non-current</b>	
Lease liabilities	<u>12,563</u>
	<u><u>14,645</u></u>

**Changes in liabilities arising from financing activities**

	<b>2020</b>
	<b>\$'000</b>
<b>Lease liabilities</b>	
Balance at 1 July 2019	12,006
<b>Non-cash movements:</b>	
New leases acquired during the year	4,410
Lease interest	343
Other non-cash adjustments	(69)
<b>Cashflows:</b>	
Lease repayments	<u>(2,045)</u>
<b>Balance at 30 June 2020</b>	<u><u>14,645</u></u>

## Metro South Health

### Notes to the Financial Statements

For the year ended 30 June 2020

#### B10 RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Metro South 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.

Metro South 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 a lease and non-lease components such as asset maintenance services, Metro South Health allocates the contractual payments to each component on the basis of their stand-alone prices.

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

Metro South Health leases properties for office, clinical services and residential accommodation in addition to the rental contracts with the Department of Housing and Public Works (DHPW). Metro South Health entered into concessional lease contracts or peppercorn leases for research, clinical services accommodation and car parking. These leases have been assessed as short term or low value leases. Metro South Health also entered into a peppercorn lease arrangement with TRI (Translational Research Institute) on Metro South owned land on which TRI is built and occupied. Simultaneously, Metro South Health has entered into 3 licence agreements with TRI to meet the accommodation needs of Princess Alexandra Hospital. Two licence agreements are expensed over the term of the agreement and the third agreement is at a peppercorn rate.

Metro South Health had no finance lease agreements for plant and equipment and elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 *Leases and Interpretation 4 Determining whether an Arrangement contains a Lease* about whether those contracts contained leases. As at 30 June 2020, Metro South Health has not identified any contracts since 1 July 2019 that contains a plant and equipment asset qualifies as a right-of use asset under AASB16.

#### *Office accommodation, employee housing and motor vehicles*

The Department of Housing and Public Works (DHPW) provides Metro South 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 A2-2.

#### *Amounts recognised in profit or loss for lease expenses*

	<b>2020</b>
	<b>\$'000</b>
Interest expense on lease liabilities	<b>343</b>
Expenses relating to short-term leases (Note A2-3)	<b>578</b>
	<b>921</b>

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**B10 RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

*2018-19 disclosures under AASB 117*

Commitment for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<b>2019</b>
	<b>\$'000</b>
Not later than one year	12,284
Later than one year and not later than five years	32,757
Later than five years	3,184
	<u>48,225</u>
<i>Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019</i>	
	<b>\$'000</b>
<b>Total undiscounted operating lease commitments at 30 June 2019</b>	48,225
- less internal-to-government arrangements that are no longer leases	(40,399)
- less leases with remaining lease term of less than 12 months	(63)
<b>Total undiscounted operating lease commitments at 1 July 2019</b>	<u>7,763</u>
- less discount using the incremental borrowing rate at 1 July 2019 (2.7%)	(690)
<b>Present value of operating lease commitments at 1 July 2019</b>	<u>7,073</u>
- add adjustments due to extension options reasonably certain to be exercised	4,207
- add other adjustments	726
<b>Lease liabilities at 1 July 2019</b>	<u><u>12,006</u></u>

**B10-2 Leases as lessor**

Metro South Health recognises lease payments from operating leases as income on a straight-line basis over the lease term.

Metro South Health has operating leases providing clinical services, medical research and education facilities. Some of these leases are peppercorn or concessional leases and some operates under a colocation agreement. Refer note E6. Metro South Health also has lease income from leasing retail stores in hospital buildings and a child care centre as well. There are a number of mobile towers housed on hospital sites providing income to the health service.

Lease income from operating leases is reported as rental income in note A1-1. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews. Metro South Health does not have any finance leases.

*Maturity analysis*

The following table sets out a maturity analysis of future undiscounted lease payments receivable under Metro South Health's operating leases.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Less than 1 year	330	8
1 to 2 years	1,978	1,981
2 to 3 years	1,891	1,724
3 to 4 years	1,857	1,636
4 to 5 years	1,750	1,603
More than 5 years	16,537	17,886
	<u>24,343</u>	<u>24,838</u>



Metro South Health  
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**B11 ASSET REVALUATION SURPLUS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land</b>		
Balance at the beginning of the financial year	46,277	40,580
Revaluation increment/(decrement)	<u>(300)</u>	<u>5,697</u>
<b>Balance at the end of the financial year</b>	<u><b>45,977</b></u>	<u><b>46,277</b></u>
<b>Buildings</b>		
Balance at the beginning of the financial year	166,240	142,316
Revaluation increment/(decrement)	<u>24,256</u>	<u>23,924</u>
<b>Balance at the end of the financial year</b>	<u><b>190,496</b></u>	<u><b>166,240</b></u>
<b>Balance at the end of the financial year</b>	<u><b>236,473</b></u>	<u><b>212,517</b></u>

**B12 EQUITY INJECTIONS AND EQUITY WITHDRAWALS**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at the beginning of the financial year</b>	<b>1,018,194</b>	1,075,331
Cash injection for asset acquisitions	<b>49,376</b>	35,120
Equity asset transfers in/(out) from other Queensland Government entities*	<b>(1,382)</b>	(9,871)
Non-cash withdrawal for depreciation**	<u><b>(84,481)</b></u>	<u>(82,386)</u>
<b>Balance at the end of the financial year</b>	<u><b>981,707</b></u>	<u><b>1,018,194</b></u>

\*These transfers are in accordance with the Designation of Transfer Notice.

\*\*The non-cash equity withdrawal is for offsetting non-cash revenue funding for depreciation expense.

## C NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

### C1 FINANCIAL INSTRUMENTS

#### Categorisation of financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Metro South Health becomes party to the contractual provisions of the financial instrument. Metro South Health has the following categories of financial assets and financial liabilities:

	Note	2020 \$'000	2019 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	B1	53,578	49,810
<b>Financial assets at amortised cost</b>			
Receivables	B2	<u>35,988</u>	<u>51,143</u>
		<u><b>89,566</b></u>	<u><b>100,953</b></u>
<b>Financial liabilities at amortised cost</b>			
Payables	B7	139,201	57,517
Lease liabilities	B10	<u>14,645</u>	-
		<u><b>153,846</b></u>	<u><b>57,517</b></u>

No financial assets and liabilities have been offset and presented net in the Statement of Financial Position.

#### Financial risk management

Metro South Health is exposed to a variety of financial risks – credit risk, liquidity risk, interest rate risk and market risk.

Financial risk is managed in accordance with Queensland Government and Metro South Health's policies. Metro South Health's policies provide written principles for overall risk management and aim to minimise potential adverse effects of risk events on the financial performance of Metro South Health.

#### Credit risk

Credit risk is the potential for financial loss arising from Metro South Health's debtors defaulting on their obligations. The maximum exposure to credit risk at balance date is the gross carrying amount of receivables. Metro South Health measures the loss allowance of trade receivables at lifetime expected credit losses with the exception of receivables from Queensland Government and Australian Government agencies which are considered immaterial credit risk. Refer Note B2. Credit risk is considered minimal for Metro South Health.

#### Liquidity risk

Liquidity risk refers to the situation when Metro South Health may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is measured through monitoring of cash flows by active management of accrual accounts. Metro South Health liquidity risk is minimal due to an approved (and unused) overdraft facility of \$34 million (2019: \$18 million) under the whole-of-government banking arrangements to manage any short-term cash shortfalls.

Metro South Health

**Notes to the Financial Statements**

For the year ended 30 June 2020

**C1 FINANCIAL INSTRUMENTS (CONTINUED)**

**Liquidity risk contractual maturity of financial liabilities**

The following table sets out the liquidity risk of financial liabilities held by Metro South Health. They represent the contractual maturity of financial liabilities calculated based on undiscounted cash flows relating to the liabilities at balance date. The undiscounted values in the table differ from the amounts included in the Statement of financial position that are based on discounted cash flows.

**Liquidity risk contractual maturity of financial liabilities**

	Contractual maturity			2020 Total \$'000	Contractual maturity			2019 Total \$'000
	<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000		<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	
<b>Payables</b>	<b>139,201</b>	-	-	<b>139,201</b>	57,517	-	-	57,517
<b>Lease liabilities</b>	<b>2,082</b>	<b>8,551</b>	<b>4,012</b>	<b>14,645</b>	-	-	-	-
	<b>141,283</b>	<b>8,551</b>	<b>4,012</b>	<b>153,846</b>	57,517	-	-	57,517

**Interest rate risk**

Metro South Health has interest rate exposure on the Queensland Treasury Corporation deposits and there is no interest rate exposure on its cash and fixed rate deposits. Metro South Health does not undertake any hedging in relation to interest rate risk. Changes in interest rate have a minimal effect on the operating result of Metro South Health and sensitivity analysis is not required.

**Fair value measurement**

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

**C2 COMMITMENTS**

**Capital expenditure commitments**

Commitments for capital expenditure at reporting date are exclusive of anticipated GST and are payable as follows:

	2020 \$'000	2019 \$'000
Not later than one year	60,455	8,074
Later than one year and not later than five years	32,325	6,958
	<b>92,780</b>	<b>15,032</b>

**C3 CONTINGENCIES**

**Litigation in progress**

All Metro South Health indemnified medical indemnity and general liability claims have been managed by the Queensland Government Insurance Fund (QGIF). At 30 June 2020, Metro South Health has 18 litigation cases before the courts (2019: 11 cases). There are 132 claims (2019: 121 claims) managed by QGIF, some of which may never be litigated or result in payment of claims. The maximum exposure to Metro South Health under this policy is \$20,000 for each insurable event. Metro South Health's legal advisors, management advisors and management believe it would be misleading to estimate the final amount payable (if any) in respect of litigation before the courts at this time.

**Notes to the Financial Statements For**  
the year ended 30 June 2020

**D BUDGET VS ACTUAL COMPARISON**

The following provides explanations of major variances between Metro South Health's actual 2019-20 financial results and the original budget published in the 2019-20 *Queensland State Budget Service Delivery Statements of Queensland Health* and presented to Parliament in July 2019.

**D1 BUDGET VS ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME**

**Explanation of major variances – Statement of Comprehensive Income**

**D1-1 Funding for public health services**

The variance of \$74 million is attributed to \$17 million of wage escalation funding, \$28 million of new ABF services including the medical ward at Logan Hospital, \$4 million of ICT project funding, \$10.5 million for expanded services including transplant, dental, ENT and Gastro and there was an additional \$14.5 million for COVID-19 funding.

**D1-2 User charges and fees**

The variance of \$31 million is due to additional revenue from reimbursement of operating expenses classified from capital development projects of \$12 million, pharmaceutical benefit scheme drug cost reimbursement of \$10 million and increase in own sourced patient fee charges of \$9 million.

**D1-3 Employee expenses**

There is \$135 million total variance across employee expenses and health service employee expenses. This increase to budget is attributable to \$50 million of additional costs from new and expanded services, \$17 million of additional wage cost escalation, \$11 million from COVID-19 staffing costs, \$13 million of additional superannuation contributions, \$9 million of increased costs from less recreation leave being taken, \$6 million of additional long service long costs with the residual \$29 million being attributable to costs associated with higher staffing levels than budgeted including overtime. This increase is offset by a \$66 million reclassification of employee expenses to health service employee expense due to changes to employment arrangements from 15 June 2020.

**D1-4 Health service employee employee expenses**

The increase of \$66 million to health service employee expenses are due to the change from the 15 June 2020, where all non-executive health service employees in Hospital and Health Services have been employed by the Department of Health. This change was after the budget was set and the value represents the accrued health service employee expense for 2020 financial year.

**D1-5 Supplies and services**

While the total variance was minimal at \$3 million under budget, \$21 million of cost was reclassified from other expenses, hence there was also around \$24 million of net underspend against the budget in other categories. This included \$13 million of increased repairs and maintenance costs, \$13 million of increased contractor costs, \$4 million of lower energy costs, \$3 million of lower external services, \$9 million of lower costs across the medical aids service and a residual \$34 million across various clinical consumable categories.

**D1-6 Other expenses**

The decrease in other expenses of \$21 million is due to services received from the Department of Health below fair value is reported under supplies and services in actuals and other expenses in the budget.

**D1-7 Operating result for the year**

The operating deficit of \$9 million was driven by \$9 million of unfunded COVID-19 related impacts (reduced leave taken, reduced revenues), \$2 million of cost due to the significant Princess Alexandra Hospital steriliser outage and a favourable business as usual variance of \$2 million.

## Notes to the Financial Statements

For the year ended 30 June 2020

### D2 BUDGET VS ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION

#### Explanation of major variances – Statement of Financial Position

##### D2-1 Cash and cash equivalents

The variance of \$6 million in cash is due to higher than budgeted opening cash position of \$4 million and equity injection for capital projects of \$2 million.

##### D2-2 Receivables

The \$29 million decrease includes a \$16 million reclassification of receivables to contract asset in accordance with AASB 15 *Revenue from Contracts with Customers* and lower than budgeted opening balance of receivables.

##### D2-3 Contract assets

The \$16 million increase is due to the impact of the new accounting standard AASB 15 *Revenue from Contracts with Customers* outlined in note B3 .

##### D2-4 Property, plant and equipment

The \$108 million decrease to budget is due to an opening balance difference of \$35 million, \$66 million of lower asset transfers and acquisitions and a \$12 million revaluation difference. These variances are offset by \$5 million of higher than budgeted depreciation.

##### D2-5 Right-of-use assets

The variance of \$14 million is the value of assets recognised as right-of-use assets under the new AASB 16 *Leases* accounting standard not included in the budget.

##### D2-6 Payables

The variance of \$67 million in payables is predominantly due to the change from 15 June 2020, where all non-executive health service employees in Hospital and Health Services have been employed by the Department of Health and represents the payable to the Department of Health for accrued health service employee expense for 2020 financial year.

##### D2-7 Accrued employee benefits

The variance of \$71 million is offsetting the variance in payables and outlined in note D2-6.

##### D2-8 Lease liabilities

The variance of \$12 million is due to the impact of the new AASB 16 *Leases* accounting standard as outlined in note B10.

##### D2-9 Contributed equity

The variance of \$83 million is due to \$67 million of net difference in asset transfers and acquisitions, an opening balance difference of \$19 million and \$3 million of difference in depreciation related equity.

##### D2-10 Accumulated surplus/(deficit)

The variance of \$7.5 million is due to the impact of the operating result deficit of \$9.2 million, offset by \$1.2 million of opening balance difference and current year opening balance adjustment of \$0.605 million due to AASB 16 new accounting standard.

##### D2-11 Asset revaluation surplus

The variance of \$17 million is due to a \$5 million difference in the opening balance and \$12 million of difference from the current years revaluation to that assumed in the budget.

### D3 BUDGET VS ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

#### Explanation of major variances – Statement of Cash Flows

##### D3-1 Funding for public health services

The increase of \$77 million is the cash impact of the funding adjustments outlined in note D1-1.

##### D3-2 User charges and fees

The increase of \$27 million is the cash impact of additional revenue raised outlined in note D1-2.

##### D3-3 Employee expenses

The impact of \$142 million is the cash impact of the actual employee expenses as outlined in note D1-3.

Metro South Health

## Notes to the Financial Statements

For the year ended 30 June 2020

### D3 BUDGET VS ACTUAL COMPARISON – STATEMENT OF CASH FLOWS (CONTINUED)

#### D3-4 Supplies and services

The variance of \$36 million is due to cash impact of the actual supplies and services expenses as outlined in note D1-4.

#### D3-5 Payments for property, plant and equipment

The increase of \$15 million is due to additional capital projects.

#### D3-6 Equity injections

The increase of \$21 million is additional funding for the capital acquisitions under the Priority Capital and Health Technology Replacement Program and other capital project funding additional to budgeted.

#### D3-7 Lease payments

The variance of \$2 million of lease payments is the cash impact of the new AASB 16 *Leases* accounting standard.

## E OTHER INFORMATION

### E1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

#### Details of key management personnel

Metro South Health's responsible Minister is identified as part of Metro South Health's key management personnel, consistent with additional guidance included in *AASB 124 Related Parties Disclosures*. The responsible Minister is Hon Dr Steven Miles, Minister for Health and Minister for Ambulance Services.

#### Key management personnel remuneration policies

##### *Key management personnel remuneration – Minister*

The ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Metro South Health does not bear any costs of remuneration of the Minister for Health. The majority of Ministerial entitlements are paid by the Legislative Assembly, with remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

##### *Key management personnel remuneration – Board*

Metro South Health is independently and locally controlled by the Hospital and Health Board (The Board). The Board appoints the Health Service Chief Executive and exercises significant responsibilities at a local level, including controlling the financial management of Metro South Health and the management of Metro South Health land and buildings (section 7 *Hospital and Health Board Act 2011*).

Remuneration arrangements for the Metro South Health Board are approved by the Governor in Council and the chair, deputy chair and members are paid an annual fee consistent with the government procedures titled *Remuneration procedures for part-time chairs and members of Queensland Government bodies*.

##### *Key management personnel remuneration - Executive Leadership Team (ELT)*

Section 74 of the *Hospital and Health Board Act 2011* provides that the contract of employment for health executive staff must state the term of employment, the person's functions and any performance criteria as well as the person's classification level and remuneration package.

Remuneration policy for Metro South Health key executive management personnel is set by direct engagement common law employment contracts and various award agreements.

## Notes to the Financial Statements

For the year ended 30 June 2020

### E1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (CONTINUED)

The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts and awards. Some of the remuneration packages provide for the provision of some benefits including motor vehicle allowance. The remuneration packages of Metro South Health key management personnel do not provide for any performance or bonus payments.

Remuneration expenses for key management personnel comprise the following components:

- Short-term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year which the employee was a key management person
  - non-monetary benefits consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee expenses which include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses including amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

#### Remuneration expenses

The following details for non-Ministerial key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Metro South Health in 2019-20. Further information on key management personnel positions can be found in the body of the Annual Report under the section relating to Executive Management. The following tables contain the expenses incurred by Metro South Health attributable to non-Ministerial KMP during the respective reporting periods. For board positions, the expenses are specific to the individual board member. For executive positions, all expenses incurred by Metro South Health that are attributable to that position are included for the respective reporting period, regardless of the number of personnel filling the position in either substantive or acting capacity. The amounts disclosed are recognised on the same basis as expenses recognised in the Statement of Comprehensive Income.

Metro South Health

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (CONTINUED)**

**Metro South Hospital and Health Board**

The Board decides the objectives, strategies and policies to be followed by Metro South and ensure it performs its functions in a proper, effective and efficient way. Appointments are under the provisions of the Hospital and Health Board Act 2011 by Governor in Council. Notice published in the Queensland Government Gazette.

Position title Position holder	Short-term employee expenses		Other employee expenses		Total Expenses	
	Monetary expenses \$'000		Post-employment expenses \$'000		\$'000	
	2020	2019	2020	2019	2020	2019
<b>Chair</b>						
<b>Current:</b> Adjunct Professor Janine Walker (13 October 2017)	96	94	9	9	105	103
<b>Deputy Chair*</b>						
<b>Current:</b> Dr Marion Tower (4 October 2019)**	37	-	3	-	40	-
<b>Former:</b> Dr Marion Tower (16 November 2018 to 17 May 2019)**	-	26	-	2	-	28
<b>Board Members (Current)</b>						
Ms Helen Darch (18 May 2017)	57	56	5	5	62	61
Adjunct Professor Iyla Davies (18 May 2017)	57	51	5	5	62	56
Mr Peter Dowling AM (29 June 2012)	56	55	5	5	61	60
Ms Donisha Duff (18 May 2016)	51	50	5	5	56	55
Mr Paul Venus (18 May 2017 to 17 May 2020)***	47	53	4	5	51	58
Mr Brett Bundock (18 May 2018)	51	50	5	5	56	55
Dr Helen Benham (18 May 2019)	57	8	5	1	62	9
Professor Eleanor Milligan (18 May 2019)	51	6	5	1	56	7
Dr Marion Tower (29 June 2012 to 3 October 2019) **	13	26	2	2	15	28
Mr Michael Goss (18 May 2020)	5	-	1	-	6	-
<b>Board Members (Former)</b>						
Professor John Prins (29 June 2012 to 17 May 2019)****	-	27	-	3	-	30
Dr John Kastrissios (29 June 2012 to 17 May 2019)****	-	45	-	4	-	49

\*Deputy Chair position was vacant from 18 May 2019 to 3 October 2019.

\*\*Dr Marion Tower was a Board Member from 29 June 2012 to 15 November 2018, then appointed to Deputy Chair from 16 November 2018 to 17 May 2019. From 18 May 2019 to 30 June 2019 was a Board Member in the 2018-19 financial year and continued from 1 July 2019 to 3 October 2019 in the 2019-20 financial year. From 4 October 2019 was appointed to the Deputy Chair position.

\*\*\*Effective from 17 May 2020, Mr Paul Venus is no longer Board Member at Metro South Health.

\*\*\*\*Effective from 17 May 2019, Professor John Prins and Dr John Kastrissios are no longer Board Members at Metro South Health.



Metro South Health

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (CONTINUED)**

**Metro South Hospital and Health Service Executives remuneration expenses**

Position title Position responsibility	Short-term employee expenses				Other employee expenses						Total Expenses \$'000	
	Monetary expenses \$'000		Non-monetary expenses \$'000		Long term employee expenses \$'000		Post-employment expenses \$'000		Termination expenses \$'000			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Health Service Chief Executive</b> Delegated the operational responsibility to fulfil the Board's objectives and strategies. The Health Service Chief Executive then sub-delegates certain functions to the Executive team and other employees as specified under the various instruments of delegation.	524	571	-	6	11	12	51	58	-	266	586	913
<b>Chief Finance Officer</b> This position is responsible and accountable for the operation of the financial management system and control environment for Metro South Health. It provides strategic advice and leadership of the financial management functions for the Hospital and Health Service.	268	234	-	-	6	4	26	24	-	-	300	262
<b>Chief Operating Officer*</b> This position is responsible for directing and managing the five acute hospitals, Addiction and Mental health Services along with Community and Oral health services.	256	-	-	-	5	-	22	-	-	-	283	-

\*In 2019 financial year this position was filled on a temporary contract basis until it was established in accordance with Section 74 of the *Hospital and Health Board Act 2011* in the 2019-20 financial year from 6 January 2020.

## Notes to the Financial Statements

For the year ended 30 June 2020

### E2 RELATED PARTY TRANSACTIONS

#### Transactions with Queensland Government Controlled Entities

Metro South 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*.

##### *Department of Health*

Metro South Health receives funding from the Department of Health. The Department of Health receives a majority of its revenue from the Queensland Government, and the remainder from the Commonwealth.

The funding provided to Metro South Health is predominantly for specific public health services purchased by the Department in accordance with a service agreement between the Department and Metro South Health. The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Metro South Health. Refer to Note A1-1.

The signed Service Agreements are published on the Queensland Government website and publicly available.

In addition to the provision of corporate services support (refer to notes A1-2 and A2-2), the Department of Health manages, on behalf of Metro South Health, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, technology services and telecommunications. These are provided on a cost recovery basis. In 2019-20, these services totalled \$225.995 million (2019: \$210.253 million).

Refer to note B2 for information on receivables from the Department of Health and other Queensland Health entities. Refer to note B7 for information on payables to the Department of Health.

##### *Other Hospital and Health Services*

Payments to and receipts from other Hospital and Health Services occur to facilitate the transfer of patients, drugs, staff and other incidentals.

##### *Queensland Treasury Corporation*

Metro South Health have investment bank accounts with the Queensland Treasury Corporation for general trust monies. Refer Note B1.

##### *Department of Housing and Public Works*

Metro South Health pays rent to the Department of Housing and Public Works for a number of properties. In addition, Metro South Health pays the Department of Housing and Public Works for vehicle fleet management services (QFleet).

##### *Transactions with people/entities related to KMP*

All transactions in the year ended 30 June 2020 between Metro South Hospital and Health Service and key management personnel, including their related parties, were examined. Transactions were identified with three related entities, which were all on normal commercial terms and conditions and were immaterial in nature.

### E3 RESTRICTED ASSETS

Metro South Health receives cash contributions primarily from private practice clinicians, Pathology Queensland and from external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests and are held in trust for stipulated purposes.

At 30 June 2020, amounts of \$22.326 million (2019: \$20.993 million) in general trust and \$9.336 million (2019: \$7.165 million) for research projects are set aside for the specified purposes underlying the contribution.

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E4 AGENCY AND FIDUCIARY TRUST TRANSACTIONS AND BALANCES**

**Fiduciary trust transactions**

Metro South Health acts in a fiduciary trust capacity in relation to patient trust accounts. These funds are received and held on behalf of patients with Metro South Health having no discretion over these funds. Consequently, these transactions and balances are not recognised in the financial statements but are disclosed below for information purposes. Although patient funds are not controlled by Metro South Health, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fiduciary trust receipts and payments</b>		
Receipts	2,760	2,585
Payments	<u>(2,765)</u>	<u>(2,551)</u>
<b>Increase/(decrease) in net patient trust assets</b>	<u><u>(5)</u></u>	<u><u>34</u></u>
 <b>Fiduciary trust assets</b>		
<b>Current Assets</b>		
<b>Cash</b>		
Patient trust funds	285	290
Other refundable deposits	<u>8</u>	<u>8</u>
<b>Total current assets</b>	<u><u>293</u></u>	<u><u>298</u></u>

**Agency granted private practice transactions and balances**

Metro South Health has a Granted Private Practice arrangement in place as follows:

*Assignment model*- all revenue generated by the clinician is paid to and recognised as revenue by Metro South Health. Doctors under this arrangement are employees of Metro South Health.

*Retention model* - the revenue generated is initially payable to the private practice doctors directly. Under this arrangement, doctors receive the generated revenue up to an established annual cap. Amounts over the cap are split one third to the doctor and two thirds to Metro South Health. The portion due to Metro South Health is receipted into a general trust account for a study, education and research fund for all staff, which is referred to as SERTA funds. Recoverable costs (e.g. administration costs, etc.) in respect of this arrangement, which Metro South Health is entitled to, are recorded as revenue in Metro South Health's Statement of Comprehensive Income.

Metro South Health acts as an agent in respect of the transactions and balances of the private practice bank accounts. The private practice funds are not controlled by Metro South Health, but the activities are included in the annual audit performed by the Auditor-General of Queensland.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**E4 AGENCY AND FIDUCIARY TRUST TRANSACTIONS AND BALANCES (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Granted private practice receipts and payments</b>		
<b>Receipts</b>		
Private practice receipts	53,567	52,510
Interest	45	68
Other receipts*	587	6,589
<b>Total receipts</b>	<b>54,199</b>	<b>59,167</b>
<b>Payments</b>		
Payments to doctors	12,826	12,061
Payments to Metro South Health for recoverable costs	36,354	32,206
Payments to Metro South Health general trust for SERTA	5,831	4,028
Other payments**	320	6,871
<b>Total payments</b>	<b>55,331</b>	<b>55,166</b>
<b>Increase/(decrease) in net granted private practice assets</b>	<b>(1,132)</b>	<b>4,001</b>

\* Other receipts relating to allied health services and outstanding deposits not yet receipted and receipts not yet deposited. In April 2019, Metro South Health consolidated the granted private practice bank accounts resulting in realignment of majority of other receipting to controlled revenue bank accounts.

\*\* Other payments relating to allied health services and refunds only in 2020 as a result of the changes to bank accounts in April 2019.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Granted private practice assets</b>		
<b>Current assets</b>		
Cash*	4,712	5,844
<b>Total current assets</b>	<b>4,712</b>	<b>5,844</b>

\*Cash balance predominantly includes doctor payments and payments to other entities outstanding at balance date and other payments due to Metro South Health that have been accrued as revenue in Metro South Health's accounts.

**E5 ARRANGEMENTS FOR THE PROVISION OF PUBLIC INFRASTRUCTURE BY OTHER ENTITIES**

The Department of Health, prior to the establishment of Metro South Health, entered into a contractual arrangement with a private sector entity for the construction and operation of a public infrastructure facility for a period of time on land now controlled by Metro South Health. After an agreed period of time, ownership of the facility will pass to Metro South Health. Arrangements of this type are known as Public Private Partnerships (PPP). The PPP is a Build-Own-Operate-Transfer (BOOT) arrangement.

Metro South Health has not recognised any rights or obligations relating to these facilities other than those associated with land rental and the provision of services under the agreements. Metro South Health has the right to retain the rent in accordance with the Deed of Lease in the Transfer Notice.

Although the land on which the facility has been constructed remains an asset of Metro South Health, Metro South Health does not control the facility associated with the arrangement. Therefore, this facility is not recorded as an asset. Metro South Health may receive rights under the arrangement, including:

- rights to receive the facility at the end of the contractual terms; and
- rights to receive cash flows in accordance with the respective contractual arrangements.

Metro South Health  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**E5 ARRANGEMENTS FOR THE PROVISION OF PUBLIC INFRASTRUCTURE BY OTHER ENTITIES (CONTINUED)**

Public Private Partnership (PPP) arrangements operating for all or part of the financial year are as follows:

Facility	Counterparty	Term of Agreement	Commencement Date
The Princess Alexandra Hospital Multi-Storey Car Park	International Parking Group Pty Limited	25 years	February 2008

*The Princess Alexandra Hospital Multi-Storey Car Park*

The developer has constructed a 1,403 space multi-storey car park on site at the hospital. Rental of \$0.295 million per annum escalated for CPI annually will be received from the car park operator up to February 2033. The developer operates and maintains the facility at its sole cost and risk. Metro South Health staff are entitled to concessional rates when using the car park.

*Assets*

As at 30 June 2020, Metro South Health does not control the facility, therefore it is not recognised as an asset of the agency. The land where the facility has been constructed is recognised as Metro South Health's land. The recognised value of the relevant land parcel at Princess Alexandra Hospital (PAH) is \$29.7 million. The portion dedicated to the PAH multi-storey car park is 33.4% with an estimated value of \$9.9 million.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues</b>		
<b>Revenues recognised in relation to these arrangements:</b>		
User charges and fees*	<u><b>383</b></u>	<u>377</u>

\*This represents the actual rental payments for the multi-storey car park and the revenue recorded for Q4 of 2020 financial year that was not collected and offset by \$0.097 million rent relief granted to the private provider due to COVID-19.

**PPP arrangements of Metro South Health cash flows (indicative)**

<b>The Princess Alexandra Hospital multi-storey car park</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Up to 1 year*	<b>298</b>	385
More than 1 year but less than 5 years	<b>1,701</b>	1,658
More than 5 years but less than 10 years	<b>2,416</b>	2,368
Later than 10 years	<b>1,357</b>	1,927
<b>Net indicative cash flow</b>	<u><b>5,772</b></u>	<u>6,338</u>

\*The indicative cash flow does not include \$0.097 million due to rent relief granted to the private provider for Q1 of 2021 financial year due to COVID-19.

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E6 CO-LOCATION ARRANGEMENTS**

Co-location arrangements operating for all or part of the financial year are as follows:

Facility	Counterparty	Term of Agreement	Commencement Date
Mater Private Hospital Redland	Sisters of Mercy in Queensland	25 years + 30 years	August 1999
Translational Research Institute (TRI) Building	Translational Research Institute Pty Ltd	30 years + 20 years	May 2013
University of Queensland Training Facility, Redland Hospital	University of Queensland	20 years	August 2015
University of Queensland Training Facility, Queen Elizabeth II Jubilee Hospital	University of Queensland	20 years	September 2015

There are contractual arrangements with private sector entities for the operation of a private health facility for a period of time on land controlled by Metro South Health. Metro South Health may receive rights to receive cash flows or rights to receive the facility at the end of the contractual term in accordance with the respective contractual arrangements. As a concession contract, Metro South Health does not recognise the facility as an asset. These contracts are recognised as leases under AASB 16 where Metro South Health is the lessor. Refer Note B10-2.

*Co-location agreement with Mater Private Hospital Redland*

In accordance with the Co-location Agreement, in 2019-20 Metro South Health recognised \$0.241 million (2019: \$0.222 million) revenue including \$0.055 million offset by rent relief revenue waiver expense due to COVID-19. Metro South Health has not recognised any rights or obligations relating to these facilities other than those associated with land rental and the provision of services under the agreements. Metro South Health has the right to retain the rent in accordance with the Deed of Lease in the Transfer Notice.

Metro South Health does not control the facilities and therefore they are not recognised as assets of the agency. The land where the Mater Private Hospital Redland was constructed is approximately 9% of the Redland Hospital land recognised at a total value of \$12 million.

*Co-location agreement with Translational Research Institute Pty Ltd*

Metro South Health does not control the facility and therefore it is not recognised as an asset of the agency. The land where the Translational Research Institute was constructed is approximately 12% of the relevant parcels of the Princess Alexandra Hospital land recognised at a total value of \$13.484 million. The lease for the building is between the Department of Health and TRI Pty Ltd and Metro South Health has a sublease for building areas, but no revenue is recorded from this arrangement.

*Co-location agreement with University of Queensland – Redland Hospital*

Metro South Health does not control the facility and therefore it is not recognised as an asset of the agency. The land where the University of Queensland Training Facility was constructed is approximately 0.3% of the relevant parcels of the Redland Hospital land recognised at a total value of \$0.04 million. The lease for the building is between the Department of Health and the University of Queensland but no revenue is recorded from this arrangement.

*Co-location agreement with University of Queensland – Queen Elizabeth II Jubilee Hospital*

Metro South Health does not control the facility and therefore it is not recognised as an asset of the agency. The land where the University of Queensland Training Facility was constructed is approximately 0.3% of the relevant parcels of the Queen Elizabeth II Jubilee Hospital land recognised at a total value of \$0.05 million. The lease for the building is between the Department of Health and the University of Queensland but no revenue is recorded from this arrangement.

## Notes to the Financial Statements

For the year ended 30 June 2020

### E7 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS

#### *Accounting standards applied for the first time*

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

- AASB 15 Revenue from Contracts with Customers
- AASB1058 Income of Not-for-Profit Entities
- AASB 16 Leases

The effect of adopting these new standards are detailed in notes E7-1 to E7-4. No other accounting standards or interpretations that apply to Metro South Health for the first time in 2019-20 have any material impact on the financial statements.

#### *Accounting standards applied for the first time*

No Australian Accounting Standards have been early adopted for the 2019-20 financial year.

#### **E7-1 AASB 15 Revenue from Contracts with Customers**

Metro South 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.

#### *New revenue recognition model*

Under AASB 15, revenue is recognised when Metro South 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. Where it is satisfied over time, Metro South Health develops a method for measuring progress towards satisfying the performance obligation.

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

Step 2 – identify the performance obligations in the contract

Step 3 – determine the transaction price

Step 4 – allocate the transaction price to the performance obligations

Step 5 – recognise revenue when or as Metro South Health satisfies performance obligations

Metro South Health applied the model for funding for public health services, user charges and fees and grants and contributions. Metro South Health assessed that funding for public health services and most of the revenue in user charges and fees satisfy the criteria under the 5 step model. These are included as contract with customers, refer Note A1-1, Note A1-2.

In assessing grants and contributions, Metro South Health identified several grants that satisfied the requirements of contract with customers within the scope of AASB 15. These grant agreements require Metro South Health to transfer goods or services to third parties on behalf of the grantor, they are enforceable and they contain sufficiently specific performance obligations. These contracts are included as contract with customers, refer Note A1-3.

#### *Other changes arising from AASB 15*

AASB 15 also specifies the accounting for incremental costs of obtaining a contract and costs directly related to fulfilling a contract. 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. These are included in Notes B3 and B9.

## Notes to the Financial Statements

For the year ended 30 June 2020

### E7 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS (CONTINUED)

#### *Transitional impact*

Transitional policies adopted are as follows:

- Metro South 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.
- Metro South Health elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where Metro South Health had recognised all of the revenue in prior periods under AASB 1004 *Contributions*.
- Metro South Health applied a practical expedient to reflect, on transition, the aggregate effect of all contract modification that occurred before 1 July 2019.

### **E7-2 AASB 1058 Income of Not-for-Profit Entities**

Metro South 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.

#### *Scope and revenue recognition under AASB 1058*

AASB 1058 applies to transactions where Metro South Health acquires an asset for significantly less than fair value principally to enable Metro South Health to further its objective and to the receipt of volunteer services. Metro South Health's revenue line items recognised under this standard from 1 July 2019 include grants and other contributions that did not satisfy AASB 15 requirement under the 5 step model outlined above in Note E7-1.

#### *General revenue recognition framework*

The revenue recognition framework for in scope transactions is as follows.

- Recognise the asset – such as cash, receivables, PP&E, a right-of-use asset or an intangible asset
- Recognise related amounts – such as contributed equity, a financial liability, a lease liability, a contract liability or a provision; (grants and donations in many cases can have nil related amounts)
- Recognise the difference as income upfront

#### *Volunteer services*

Under AASB 1058, Metro South 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 Metro South Health has elected not to do so.

#### *Transitional impact*

Transitional policies adopted are as follows:

- Metro South 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.
- Metro South Health elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts are contracts where Metro South Health had recognised all of the revenue in prior periods under AASB 1004.
- Metro South 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 Metro South Health grants and contributions in regards to other grants and contributions will not change under AASB 1058, as compared to AASB 1004.



## Notes to the Financial Statements

For the year ended 30 June 2020

### E7 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Revenue will continue to be recognised when Metro South Health gains control of the asset (e.g. cash or receivable) in most instances.

There are a number of grants assessed to be in the scope of AASB 15 *Revenue from Contracts with Customers* and the transitional impacts for these grants are disclosed in Note E7-1.

#### E7-3 AASB 16 Leases

Metro South Health applied AASB 16 Leases for the first time in 2019-20. Metro South 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.

AASB 16 introduced new guidance on the definition of a lease. For leases and lease-like arrangements existing at 30 June 2019, Metro South 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.

#### *Amendments to former operating leases for office accommodation and employee housing*

In 2018-19, Metro South 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.

#### *Changes to lessee accounting*

Previously, Metro South 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 exist 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 Metro South Health is reasonably certain to exercise.

The future lease payments included in the calculation of the lease liability included fixed payments and variable lease payments initially measured using the index or rate as at the commencement date.

The discount rate used is Metro South Health's incremental borrowing rate as the implicit rate could not 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.

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E7 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS (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 a depreciation 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*

Metro South 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.

*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.

*Transitional impact-former operating leases as lessee*

The majority of Metro South 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 the department’s incremental borrowing rate at 1 July 2019. Metro South Health’s weighted average incremental borrowing rate on 1 July 2019 was 2.7%.

The right-of-use assets were measured at an amount equal to the lease liability. New right-of-use assets were tested for impairment on transition and none were found to be impaired.

On transition, Metro South Health used practical expedients to:

- not recognise right-of-use assets and lease liabilities for leases 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.

**E7-4 Transitional adjustments on 1 July 2019**

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 15 and AASB 16:

	<b>\$'000</b>
Accrued revenue	(23,788)
Contract asset	23,788
Other current liabilities – Unearned revenue	(1,069)
Contract liabilities	464
Right-of-use asset*	12,006
Lease liabilities*	(12,006)
Accumulated surplus*	605

\*AASB16 adjustment for lease incentives in unearned revenue

**Notes to the Financial Statements**

For the year ended 30 June 2020

**E8 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE**

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

- *AASB 1059 Service Concession Arrangements: Grantors*

AASB 1059 will first apply to the Metro South 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.

Metro South Health has reviewed the contractual arrangements with International Parking Group Pty Ltd for the construction and operation of the car park facility, see Note E5 for details about this arrangement.

Upon transitioning to AASB 1059, in accordance with the partial retrospective approach, Metro South Health will restate the 2019-20 comparatives and recognise the car parking facility as a service concession asset. Consequently, the asset and liability will be first recognised in Metro South Health’s 2020-21 financial statements as an adjustment to opening comparative balances at 1 July 2019. For this purpose, Metro South Health has obtained an updated valuation of the carpark facility and determined that its current replacement cost at 1 July 2019 is \$29.065 million.

On recognition of the service concession asset a corresponding liability will also be recognised, measured at the fair value of the concession asset adjusted for the remaining period of 14 years of the services concession arrangement divided by the total period of the arrangement. The net difference between assets and liabilities on initial recognition will be recorded in opening accumulated surplus.

	<b>Amount</b>	<b>Measurement basis</b>
Service concession asset	\$29.065 million	Current replacement cost as at 1 July 2019 – Metro South Health obtained a valuation of the multi-story car park by AECOM.
Unearned revenue liability	\$15.893 million	Current replacement cost of the service concession asset as at 1 July 2019 adjusted to reflect the remaining period of the service concession arrangements (13 years and 8 months) relative to the total period of the arrangement (25 years).
Accumulated surplus	\$13.172 million	The difference between the service concession asset and the unearned revenue liability.

Other than the contract with International Parking Group Pty Ltd, Metro South Health does not currently have any other arrangements that would fall within the scope of AASB 1059.

All other Australian accounting standards and interpretations with future effective dates are either not applicable or have no material impact on Metro South Health.

**E9 CLIMATE RISK DISCLOSURE**

*Climate Risk Assessment*

Metro South Health addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses. Metro South Health has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government’s Climate Transition Strategy. No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

## Notes to the Financial Statements

For the year ended 30 June 2020

### **E10 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

The impact of the global COVID-19 pandemic is unfolding across the globe with far reaching consequences. Metro South like many health organisations was impacted by COVID-19 with significant disruption and reduction to normal service provision as a need to ensure its readiness and capacity to respond to the treatment of COVID-19 infected patients and to increase its prevention and public health capacity.

Funding for COVID-19 impacts of \$14.8 million was provided through the COVID-19 National Partnership Agreement. However some impacts related to the pandemic were not funded which ultimately impacted upon Metro South's financial result for 2019-20. One example was where staff took less leave during the April to June period when restrictions were in place and a higher health preparedness response was required. This issue alone increased costs in the short term by \$9.4 million due to leave taken is being funded through the Queensland Government's annual leave and long service leave scheme.

Metro South Health considered the COVID-19 impact for its land and building valuation. State Valuation Services was consulted about the potential impact of COVID-19 on Metro South Health's land valuations with advice that there is market uncertainty however valuations are current at date of valuation based upon information available at the time. AECOM was consulted about the potential impact of COVID-19 on Metro South Health's building valuations with advice that valuation adjustments are not required with construction prices remaining relatively stable due to economic stimulus measures undertaken in addition to further time required for potential price and indexation data movement to filter through the industry.

### **E11 OTHER MATTERS**

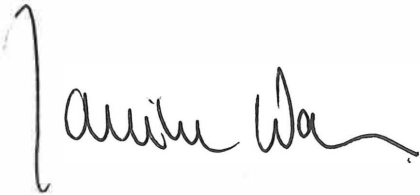
On 1 August 2019, Metro South Health implemented a new statewide enterprise resource program (ERP) S/4 HANA which replaced the 20 year-old FAMMIS ERP. Extensive reconciliations were completed to ensure accuracy of data from the old system balances to the new.

## CERTIFICATE OF METRO SOUTH HEALTH

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 Metro South Health for the financial year ended 30 June 2020 and of the financial position of Metro South Health at the end of that year; and

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



**Janine Walker AM**  
Adjunct Professor, BAEd, GradDip Business,  
FAHRI, FAIM, MAICD  
Chair  
Metro South Hospital and Health Board  
18 August 2020



**Dr Peter Bristow**  
Health Service Chief Executive  
Metro South Health  
18 August 2020



**Robert Mackway-Jones**  
BCom MBA CA  
Chief Finance Officer  
Metro South Health  
18 August 2020

## INDEPENDENT AUDITOR'S REPORT

To the Board of Metro South Hospital and Health Service

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Metro South 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. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

**Refer to Note B6 Property, Plant and Equipment in the financial report (\$836,862,000)**

Key audit matter	How my audit procedures addressed this key audit matter
<p><b>Building Valuation</b></p> <p>Buildings were material to Metro South Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method.</p> <p>For 2020, Metro South Hospital and Health Service performed a revaluation of its buildings using a relevant indices.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>gross replacement cost, less</li> <li>accumulated depreciation.</li> </ul> <p>Metro South Hospital and Health Service derived the gross replacement cost of its buildings at the balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>identifying the components of buildings with separately identifiable replacement costs</li> <li>developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>estimating the current cost for a modern substitute (including locality factors and oncosts,</li> <li>identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference.</li> </ul> </li> <li>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.</li> </ul> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p> <p>Using indexation required:</p> <ul style="list-style-type: none"> <li>Significant judgment in determining the indexation factors that reflected the estimated change, since the previous balance date, in the cost inputs used in developing the gross replacement.</li> <li>Reviewing previous assumptions and judgements used in the determination of fair value in intervening years between the comprehensive valuation to ensure ongoing validity of assumptions and judgements used.</li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>assessing the adequacy of management's review of the valuation process and results</li> <li>reviewing the scope and instructions provided to the valuer</li> <li>assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices</li> <li>assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices</li> <li>assessing the competence, capabilities and objectivity of the experts used to develop the models</li> <li>evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices</li> <li>evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>reviewing management's annual assessment of useful lives</li> <li>at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets</li> <li>ensuring that no building asset still in use has reached or exceeded its useful life</li> <li>enquiring of management about their plans for assets that are nearing the end of their useful life</li> <li>reviewing assets with an inconsistent relationship between condition and remaining useful life.</li> </ul> </li> </ul> <p>Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</p>

**Refer to Note E11 Other Matters in the financial report**

Key audit matter	How my audit procedures addressed this key audit matter
<p>The Department of Health (the department) is the shared service provider to Metro South Hospital and Health Service for the management of the financial management information system, and processing of accounts payable transactions in the system.</p> <p>The Department replaced its primary financial management information system on 1 August 2019.</p> <p>The financial management system is used to prepare the general purpose financial statements. It is also 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.</p> <p>The replacement of the financial management system increased the risk of fraud and error in the control environment of the Department and Metro South Hospital and Health Service.</p> <p>The implementation of the financial management system was a significant business and IT project for the Department and Metro South Hospital and Health Service. It included:</p> <ul style="list-style-type: none"> <li>• designing and implementing IT general controls and application controls</li> <li>• cleansing and migrating of vendor and open purchase order master data</li> <li>• ensuring accuracy and completeness of closing balances transferred from the old system to the new system</li> <li>• establishing system interfaces with other key software programs</li> <li>• establishing and implementing new workflow processes.</li> </ul>	<p>I have reported issues relating to internal control weaknesses identified during the course of my audit to those charged with governance.</p> <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of the IT general and application level controls including system configuration of the financial management system by: <ul style="list-style-type: none"> <li>• reviewing the access profiles of users with system wide access</li> <li>• reviewing the delegations and segregation of duties</li> <li>• reviewing the design, implementation and effectiveness of the key general information technology controls.</li> </ul> </li> <li>• validating account balances from the old system to the new system to verify the accuracy and completeness of data migrated</li> <li>• documenting and understanding the change in process and controls for how material transactions are processed, and balances are recorded</li> <li>• assessing and reviewing controls temporarily put in place due to changing system and procedural updates</li> <li>• Undertaking significant volume of sample testing to obtain sufficient appropriate audit evidence, including: <ul style="list-style-type: none"> <li>• verifying the validity of journals processed pre and post go-live</li> <li>• verifying the accuracy and occurrence of changes to bank account details</li> <li>• comparing vendor and payroll bank account details</li> <li>• verifying the completeness and accuracy of vendor payments, including testing for potential duplicate payments</li> </ul> </li> <li>• Assessing the reasonableness of: <ul style="list-style-type: none"> <li>• the inventory stocktakes for completeness and accuracy</li> <li>• the mapping of the general ledger to the financial statement line items.</li> </ul> </li> </ul>



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

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- 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) In my opinion, 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.



C G Strickland  
as delegate of the Auditor-General

21 August 2020  
Queensland Audit Office  
Brisbane

# Glossary

## Acronyms

AM	Member of the Order of Australia	MRSA	Methicillin Resistant Staphylococcus aureus
AO	Order of Australia	MSAMHS	Metro South Addiction and Mental Health Services
BEMS	Building Engineering and Maintenance Service	MSH	Metro South Hospital and Health Service
Board	Metro South Hospital and Health Board	MSHHB	Metro South Hospital and Health Board
BSPHN	Brisbane South Primary Health Network	NEST	National Elective Surgery Target
CARE-PACT	Comprehensive Aged Residential Emergency and Partners in Assessment Care and Treatment	OAM	Medal of the Order of Australia
CEO	Chief Executive Officer	OHO	Office of the Health Ombudsman
CFO	Chief Financial Officer	OPALS	Older Persons Advocacy and Legal Service
CNC	Clinical Nurse Consultant	PACH	Patient Access Coordination Hub
ED	Emergency department	PAH	Princess Alexandra Hospital
ES	Elective surgery	PHN	Primary Health Network
FTE	Full time equivalent	PPE	Personal protective equipment
GP	General practitioner	QAO	Queensland Audit Office
HEAU	Health Equity Access Unit	QAS	Queensland Ambulance Service
HHS	Hospital and Health Service	QEII	Queen Elizabeth II Jubilee Hospital or QEII Jubilee Hospital
HSCE	Health Service Chief Executive	QUT	Queensland University of Technology
ICT	Information and communication technology	QWAU	Queensland Weighted Activity Unit
ieMR	Integrated electronic Medical Record	SAB	Staphylococcus aureus <b>bloodstream</b>
ISO	International Organization for Standardization	SHECC	State Health Emergency Coordination Centre
IT	Information technology	SMS	Short message service
KPIs	Key Performance Indicators	STEM	Science, technology, engineering and mathematics
LEAPOnline	Learning Education and Professional development Online	TAFE	Technical and Further Education
Metro South Health	Metro South Hospital and Health Service	TRI	Translational Research Institute
MOHRI	Minimum Obligatory Human Resource Information	UQ	The University of Queensland
MP	Member of Parliament	WAU	Weighted Activity Unit

# Glossary

## Terms

Activity Based Funding	The funding framework used to fund public health care services delivered across Queensland
Advance Care Planning	A process to help a person plan their health care in advance. An advance care plan is used if a person becomes too unwell to make decisions for themselves or communicate their health decisions
Apps	A small specialised software program, designed for a specific purpose or application, usually downloaded to a mobile device
Bariatric	A branch of medicine dealing with the study and treatment of obesity
Burden of disease	The impact of a health problem as measured by financial cost, mortality, morbidity and other indicators
Clinical Streams	Health specialty areas
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
Digital Hospital	A hospital where all patient medical information is electronically recorded and accessed through computers instead of paper files
LEAPOnline	A Learning Management System that brings together training, education and professional development opportunities for Metro South Health staff
Magnet <sup>®</sup>	An international program providing recognition for excellence in nursing care
Metro South Health	Metro South Hospital and Health Service
Nurse Navigator	A role in Queensland's public health sector in which highly experienced nurses provide support to patients with complex health conditions
Telehealth	The delivery of health services and information using telecommunication technology such as live video and audio links, tele-radiology, storing of clinical data and images on a computer for forwarding to another location
Translational research	Translates findings in fundamental research into medical practice and meaningful health outcomes

# Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
<b>Letter of compliance</b>	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7	p 4
<b>Accessibility</b>	<ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 9.1	p 5 p 107
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2	p 2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	p 2
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> ARRs – section 9.4	p 2
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i> ARRs – section 9.5	p 2
<b>General information</b>	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10.1	p 6
	<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 10.2, 31 and 32	-
	<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 10.2	p 12
	<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 10.3	p 12
<b>Non-financial performance</b>	<ul style="list-style-type: none"> <li>Government's objectives for the community</li> </ul>	ARRs – section 11.1	p 6
	<ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>	ARRs – section 11.2	p 7
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.3	p 21
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.4	p 49
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1	p 53
<b>Governance – management and structure</b>	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1	p 38
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2	p 34
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3	-
	<ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994</i></li> </ul>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	p 42
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.5	p 15

Summary of requirement	Basis for requirement	Annual report reference	
<b>Governance – risk management and accountability</b>	<ul style="list-style-type: none"> <li>• Risk management</li> </ul>	ARRs – section 14.1	p 41
	<ul style="list-style-type: none"> <li>• Audit committee</li> </ul>	ARRs – section 14.2	p 41
	<ul style="list-style-type: none"> <li>• Internal audit</li> </ul>	ARRs – section 14.3	p 41
	<ul style="list-style-type: none"> <li>• External scrutiny</li> </ul>	ARRs – section 14.4	p 42
	<ul style="list-style-type: none"> <li>• Information systems and recordkeeping</li> </ul>	ARRs – section 14.5	p 41
<b>Governance – human resources</b>	<ul style="list-style-type: none"> <li>• Strategic workforce planning and performance</li> </ul>	ARRs – section 15.1	p 39
	<ul style="list-style-type: none"> <li>• Early retirement, redundancy and retrenchment</li> </ul>	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	p 40
<b>Open Data</b>	<ul style="list-style-type: none"> <li>• Statement advising publication of information</li> </ul>	ARRs – section 16	p 46
	<ul style="list-style-type: none"> <li>• Consultancies</li> </ul>	ARRs – section 33.1	p 46
	<ul style="list-style-type: none"> <li>• Overseas travel</li> </ul>	ARRs – section 33.2	p 46
	<ul style="list-style-type: none"> <li>• Queensland Language Services Policy</li> </ul>	ARRs – section 33.3	p 46
<b>Financial statements</b>	<ul style="list-style-type: none"> <li>• Certification of financial statements</li> </ul>	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	p 101
	<ul style="list-style-type: none"> <li>• Independent Auditor's Report</li> </ul>	FAA – section 62 FPMS – section 50 ARRs – section 17.2	p 102

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

