

ANNUAL REPORT 2022–23



Accessibility

Open data

Information about consultancies and the Queensland language services policy is available at the Queensland Government Open Data website (<https://www.data.qld.gov.au>). Cairns and Hinterland Hospital and Health Service has Open Data to report on consultancies, overseas travel and Queensland Language Services, and the data can be found on the Queensland Government Open Data Portal: <https://www.data.qld.gov.au>

Public availability statement

An electronic copy of this report is available at <https://www.cairns-hinterland.health.qld.gov.au/about-us/corporate-publications-and-reporting/annual-reports>
Hard copies of the annual report are available by phoning the Communications Team via (07) 4226 0000 (Cairns Hospital switch). Alternatively, you can request a copy by emailing CHHHS_Board@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 telephone (07) 4226 0000 and we will arrange an interpreter to effectively communicate the report to you.



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Attribution

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

Cairns and Hinterland Hospital and Health Service (HHS) formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. Cairns and Hinterland HHS 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.

Acknowledgement

The Cairns and Hinterland Hospital and Health Service acknowledges Aboriginal peoples and Torres Strait Islanders as this country's First Peoples and Traditional Owners and Custodians of the lands we work on to provide culturally responsive and clinically safe healthcare.

We acknowledge and pay our respects to Elders past, present and emerging as the curators and caretakers of Aboriginal and Torres Strait Islander culture and lore. We honour and deeply respect the continued leadership of First Peoples through their participation and contribution to the Queensland public sector in the design, delivery and evaluation of policies, services and programs.

The Cairns and Hinterland region extends north to Kuku Yalanji (Cow Bay), west to Tagalaka (Croydon), and south to Girramay (Jumbun), as well as all the tribes and clans therein, including the diaspora of Torres Strait Islanders and other First Peoples, who have made this region their home.

Within our geographical catchment there are at least 20 traditional owner groups associated with our health facilities, and include:

- Bar Burrum
- Djiru
- Djabugay
- Ewamian
- Gimuy Walubara Yidinji
- Girramay
- Gulngay
- Gunggandji
- Jirrbal
- Kuku Yalanji
- Mamu
- Malanbarra Yidinji
- Mandingalbay Yidinji
- Muluridji
- Ngadjon Jii
- Tableland Yidinji
- Tagalaka
- Wakaman
- Wanyurr Majay
- Yirrganydji.

Terminology

The term 'First Peoples' is used interchangeably for 'First Nations People', 'First Nations', 'Aboriginal peoples' and 'Torres Strait Islanders', and 'Aboriginal and Torres Strait Islander peoples'. We acknowledge First Peoples' right to self-determination and respect the choice of First Peoples to describe their own cultural identities, which may include these or other terms.

Letter of compliance

29 August 2023

The Honourable Shannon Fentiman MP
Minister for Health, Mental Health and Ambulance Services and Minister for Women
GPO Box 48
Brisbane QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2022-2023 and financial statements for Cairns and Hinterland 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 Appendix C of this Annual Report.

Yours sincerely



Clive Skarott AM
Chair
Cairns and Hinterland Hospital and Health Board

Table of Contents

Accessibility.....	2
Acknowledgement.....	3
Letter of compliance.....	4
Queensland Government’s objectives for the community.....	7
Message from the Board Chair and Chief Executive.....	8
About us.....	10
Strategic direction.....	10
Vision, Purpose, Values.....	10
Vision.....	10
Purpose.....	10
Values.....	10
Priorities.....	11
First Peoples health.....	11
First Peoples population.....	11
First Peoples health planning.....	12
Working towards Health Equity.....	12
What does excellence in health equity look like?.....	12
Partnerships in health.....	13
Aboriginal and Torres Strait Islander engagement.....	13
Our community and hospital-based services.....	13
Car parking concessions.....	14
Targets and challenges.....	15
Governance.....	16
Our people.....	16
Board membership.....	16
Board attendance and fees.....	19
Our committees.....	20
Executive team.....	22
Organisational structure and workforce profile.....	24
Workforce profile.....	25
Strategic workforce planning and performance.....	26
Staff wellbeing and psychosocial code of practice.....	26
Planning for the future of work.....	27
Flexible working arrangements.....	27
Recognising our staff.....	27
Leadership programs.....	27
Industrial relations framework.....	27
Early retirement, redundancy and retrenchment.....	28
Our risk management.....	28
Internal audit.....	28
External scrutiny, information systems and recordkeeping.....	29

External scrutiny.....	29
Chief Executive Attestation of 1S18:2018 (ISMS) information security risk.....	29
Medical records.....	30
Information systems and recordkeeping.....	30
Queensland Public Service ethics.....	30
Human rights.....	30
Confidential information.....	31
Performance.....	31
Service standards.....	31
Non-financial performance.....	34
Financial summary.....	36
Financial highlights.....	36
Where funding was spent.....	37
Cash and investments.....	37
Asset revaluation.....	37
Deferred maintenance.....	37
Appendix A – Financial statements and Independent Auditor's Report.....	i
Appendix B – Glossary.....	ii
Appendix C – Checklist.....	v

Queensland Government’s objectives for the community

Cairns and Hinterland Hospital and Health Service HHS is committed to the objectives laid out in the statement of the Queensland Government’s objectives for the community - Good jobs, Better services and Great lifestyle. In particular, our policies, strategies and services align with the outcomes of ‘Backing our frontline services’, ‘Keeping our Queenslanders safe’ and ‘Growing our regions’.

The *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023* articulates our vision of excellence in healthcare, wellbeing, research and education in Far North Queensland.

Actions and priorities that support the Queensland Government’s objectives for the community are:

Cairns and Hinterland Hospital and Health Service priorities	Alignment with the Statement of the Queensland Government’s objectives for the community
<p>Our patients</p> <p>We work to provide safe and equitable healthcare closer to home for our patients, their families, and our communities</p>	<ul style="list-style-type: none"> • Backing our frontline services • Keeping Queenslanders safe (By delivering world-class frontline clinical health services)
<p>Our people</p> <p>We build a culture of excellence that fosters compassion, accountability, integrity and respect to strengthen our workplace</p>	<ul style="list-style-type: none"> • Growing our regions • Backing our frontline services (By attracting, retaining and investing in our people and by how we work with and partner in our communities)
<p>Aboriginal and Torres Strait Islander communities</p> <p>We improve our service delivery and partnerships with Aboriginal and Torres Strait Islander communities to improve health and wellbeing outcomes</p>	<ul style="list-style-type: none"> • Keeping Queenslanders safe • Honouring and embracing our rich and ancient cultural history (By actively working towards health equity and improved health outcomes for First Nations peoples)
<p>Our research and education</p> <p>We promote and undertake research and education to deliver better health outcomes for our community</p>	<ul style="list-style-type: none"> • Backing our frontline services • Keeping Queenslanders safe (By promoting research and education to deliver world-class healthcare)
<p>Our technology</p> <p>We optimise our use of current and emerging technologies to provide better continuity of care</p>	<ul style="list-style-type: none"> • Connecting Queensland (By improving health outcomes through digital technology and services)
<p>Our future growth and sustainability</p> <p>We meet the needs of our community through safe and sustainable growth and service delivery</p>	<ul style="list-style-type: none"> • Backing our frontline services • Keeping our Queenslanders safe • Growing our regions (By investing in our health services across a large geographical region and attracting people, talent and investment to the region)

Table 1 CHHS priorities aligned with Statement of the Queensland Government objectives for the community

Message from the Board Chair and Chief Executive

Cairns and Hinterland HHS continues to deliver high-quality healthcare and services to the residents of Far North Queensland.

In the 2022-2023 financial year, there were 188,450 presentations to emergency departments. Throughout the year staff performed 7101 emergency and 8372 elective surgeries at Cairns Hospital. Cairns and Hinterland HHS provided 459,321 outpatient occasions of service.

We invested \$1.294 billion in healthcare, averaging \$3.5 million per day providing public health services.

We provided improved capacity for care for the region's ageing population, by opening a 45-bed purpose-built facility for sub-acute care and rehabilitation, which enabled additional space for the creation of a Surgical Orthopaedic Assessment Unit at Cairns Hospital.

Further addressing population growth in our region, major infrastructure projects included the announcement of the \$250 million Cairns Hospital Expansion Project, which will deliver a new surgical centre and an additional 64 beds at Cairns Hospital. Construction is ongoing at the \$70 million three-storey Mental Health Unit. The \$26.5 million emergency department expansion will deliver additional capacity, a dedicated X-ray suite and refurbished resuscitation areas.

At our rural facilities, the new four-storey \$86.4 million Atherton Hospital Clinical Services Building is complete and provides a new emergency department, X-ray, operating theatres, and medical and maternity wards and the \$14.8 million Cow Bay Primary Health Centre and helicopter landing pad is in planning stages.

Our focus was on our health services into the future, with the Local Area Needs Assessment helping to shape the *Cairns and Hinterland Hospital and Health Service Strategic Plan 2023-2027*.

We worked with Aboriginal and Torres Strait Islander staff, Aboriginal Community Controlled Health Organisations (ACCHOs), Elders and community members to codesign the Health Equity Strategy and Implementation Plan, which will provide actions to improve health outcomes and patient experiences.

Our focus was also on the transition to a university hospital, which will allow us to further collaborate on research, education and innovation along with delivering more complex clinical services closer to home. The first stage of this transition is the Cairns Health Innovation Centre (CHIC), of which the Detailed Business Case is underway.

As the largest single employer in the region, with 7093¹ full-time, part-time and casual employees (5837 full-time equivalent), our staff are our greatest asset, and we thank them for all they do to provide such compassionate and exceptional care to our patients and community.

Yours sincerely,



Clive Skarott AM
Chair
Cairns and Hinterland Hospital and Health Board



Leena Singh
Chief Executive
Cairns and Hinterland Hospital and Health Board

¹ MOHRI Occupied Headcount as at 25 June 2023

About us

Cairns and Hinterland HHS was established as an independent statutory authority on 1 July 2012 under the *Hospital and Health Boards Act 2011*.

Cairns and Hinterland HHS covers a large geographic area with a diverse and growing population, and relatively high health needs compared with Queensland and national averages.

The Health Service's facilities include nine hospitals, 11 primary health sites and 10 community health centres, as well as mental health facilities and specialist services.

The Cairns Hospital is the primary referral hospital for Far North Queensland with a catchment population of about 289,823 (including Torres and Cape HHS population) and our Cairns and Hinterland HHS population is 261,522. Referrals are from as far north as Cape York Peninsula and Torres Strait Islands, west to Croydon and south to Tully.

The Health Service provides a wide range of primary care, acute and specialist services. It is 95 per cent self-sufficient, meaning only five per cent of patients need to be referred to Townsville or Brisbane for highly specialised acute services.

Strategic direction

The *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023* was based on extensive collaboration with our staff and community. It set the future directions and actions for the Health Service to meet the healthcare challenges and opportunities of our region. In October 2022, Cairns and Hinterland HHS embarked on the development of its new Strategic Plan (2023-2027), which will come into effect from 1 July 2023. An external retrospective review was undertaken with the Cairns and Hinterland HHS Board, Cairns and Hinterland HHS executive and external partners to inform the development of the new *Cairns and Hinterland Hospital and Health Service Strategic Plan 2023-2027*.

Vision, Purpose, Values

Vision

Excellence in health care, wellbeing, research and education in Far North Queensland.

Purpose

We work together, with our community, providing health care services to improve health, health equity and wellbeing in Far North Queensland.

Values

The Health Service is committed to upholding the five Queensland Public Service (QPS) values of Customers First, Ideas into Action, Unleash Potential, Be Courageous, and Empower People.

The QPS values are augmented within the Health Service by the organisation's shared values of:

- Compassion

- Accountability
- Integrity
- Respect.

Priorities

The *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023* identified six key priority areas.

Our patients: We work to provide safe and equitable health care close to home for our patients, their families and our communities.

Our people: We build a culture of excellence that fosters compassion, accountability, integrity and respect to strengthen our workplace.

Aboriginal and Torres Strait Islander communities: We improve our service delivery and partnerships with Aboriginal and Torres Strait Islander communities to improve health and wellbeing outcomes.

Our research and education: We promote and undertake research and education to deliver better health outcomes for our community.

Our technology: We optimise our use of current and emerging technologies to provide better continuity of care.

Our future growth and sustainability: We meet the needs of our community through safe and sustainable growth and service delivery.

First Peoples health

The Cairns and Hinterland HHS footprint covers an area of 142,900km² and extends north to Kuku Yalanji (Cow Bay), Tagalaka in the west (Croydon) and Girramay in the south (Jumbun) and to all other tribes and clans therein, including the diaspora of Torres Strait Islanders and other First Peoples who have made this region their home.

This diversity and geographical distance provide an opportunity for the Health Service to lead in quality, culturally responsive and clinically safe regional healthcare. It also provides a challenge to innovate through strengthening our knowledge, understanding and application of industry expertise in partnership with communities and the primary healthcare stakeholders to evolve and improve the sector's system and approaches of healthcare delivery.

First Peoples population

The Cairns and Hinterland HHS region is home to the second largest population of First Peoples residents in comparison with other hospital and health service regions. While 30,500 of the region's population, or an estimated 11.6 per cent, identify as Aboriginal and/or Torres Strait Islander peoples, they represent 29 per cent of patients accessing our admitted services.

The Cairns Hospital is the only major referral hospital in Far North Queensland that provides care for people from Cape York Peninsula and the Torres Strait. There are at least 60 Aboriginal and Torres Strait Islander traditional owner groups within and across Cape York and in the Torres Strait. During 2022-2023, more than 32,627 First Peoples were discharged from our network of hospitals, 12 per cent of whom reside in Cape York or the Torres Strait.

In addition, a significant number of First People's presenting to the Health Service are diagnosed with co-morbidity of chronic conditions, often the result of remoteness from services, lack of access to healthcare and low socioeconomic circumstances.

While progress is being made, we continue to have challenges to reduce the gap in health equity that exists between First Peoples and non-Indigenous Australians. The health gap is largely due to six main drivers:

- Cardiovascular disease
- Diabetes
- Mental health
- Chronic respiratory disease
- End stage kidney disease
- Cancer

First Peoples health planning

Our approach to First Peoples health is guided by the inaugural *Cairns and Hinterland Hospital and Health Service First Peoples Health Equity Strategy 2022-2025* and associated implementation plan. The implementation plan outlines the actions that will be taken in improving delivery and health outcomes for Aboriginal and Torres Strait Islander peoples. First Peoples health is a key pillar in the *Cairns and Hinterland Hospital and Health Service Strategic Plan 2023-2027* and *Cairns and Hinterland HHS Clinical Services Plan 2022-2027*.

Working towards Health Equity

The inaugural *Cairns and Hinterland Hospital and Health Service First Peoples Health Equity Strategy 2022-2025 Implementation Plan* operationalises the health equity strategy and outlines performance reporting requirements, priorities and actions the HHS and its partners will pursue to achieve health equity for First Peoples in the Cairns and Hinterland HHS region. Health equity is designed to deliver parity in healthcare. Services must be clinically safe and culturally responsive, and care providers must expand their ability to genuinely partner with our stakeholders to inform adaptable and practical healthcare system advancements.

What does excellence in health equity look like?

Excellence in health equity is when First Peoples can access healthcare without experiencing disparate treatment; when they can complete cycles of care which positively impact on their health and wellbeing; and are healthcare system literate and capable of navigating their journey in an informed and confident way.

Through the *Ending Rheumatic Heart Disease: Queensland's First Nations Strategy 2021-2024*, the Cairns and Hinterland HHS has established and recruited an Aboriginal and Torres Strait Islander Health Practitioner for paediatric Rheumatic Heart Disease. The position is the first Aboriginal and Torres Strait Islander Health Practitioner role within the health service.

Partnerships in health

The Health Equity Strategy and Implementation Plan bolster Cairns and Hinterland HHS partnerships, increasing First Peoples consumers and key stakeholders' co-creation in designing system solutions through participatory and inclusive processes.

Cairns and Hinterland HHS supports the First Nations Cultural Safety Reform Project, to improve Aboriginal and Torres Strait Islander patient safety, health outcomes and experiences in accessing healthcare.

The project will involve designing, delivering and embedding culturally and clinically safe care models, that identify the role of the Aboriginal and Torres Strait Islander health practitioner within the interprofessional team.

On behalf of the Better Health North Queensland alliance - a collection of five northern HHSs, Primary Health Networks, Queensland Aboriginal and Islander Health Council and the Queensland Department of Health - Cairns and Hinterland HHS will co-ordinate the implementation of the First Nations-led models of care across the northern hospital and health services.

The introduction of the culturally and clinically safe models of care will facilitate more culturally appropriate care, reduce communication gaps, reduce discharge against medical advice, provide cultural education, increase inpatient contact time, improve follow-up practices and enhance patient referral linkages.

The project will focus on the following six clinical areas initially:

- Diabetes
- Renal
- Rheumatic Heart Disease
- Mental health
- Sexual health
- Pre/antenatal care

Aboriginal and Torres Strait Islander engagement

The importance of First Peoples engagement is a growing focus for Cairns and Hinterland HHS. A key avenue for First Peoples engagement is through the Cairns and Hinterland HHS Aboriginal and Torres Strait Islander Health community consultation committee. The committee comprises patients, consumers, carers and community members to participate in and contribute to service planning and design. Cairns and Hinterland HHS' range of engagement also takes in the Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy by increasing the number of local First Peoples' owned businesses and/or businesses with a high number of First Peoples employees who are vendors, for goods and services engaged across the HHS. This is in accordance with our *Cairns and Hinterland Hospital and Health Service First Peoples Health Equity Strategy 2022-2025 Implementation Plan*.

Our community and hospital-based services

The Cairns and Hinterland HHS is responsible for the delivery of local public hospital and health services across a large geographic area.

Cairns Hospital is the main referral hospital for Far North Queensland as well as providing specialist outreach services for the Torres Strait and Cape York regions.

Our hospitals:

- Atherton Hospital
- Babinda Multi-Purpose Health Service
- Cairns Hospital
- Gordonvale Hospital
- Herberton Hospital
- Innisfail Hospital
- Mareeba Hospital
- Mossman Multi-Purpose Health Service
- Tully Hospital
- Yarrabah Emergency Health Centre.

The Health Service also provides a number of clinics and general practice services through primary health centres and hospitals in rural and remote areas.

Our primary and community health centres:

- Dimbulah
- Lotus Glen Correctional Facility
- Chillagoe
- Mt Garnet
- Mt Surprise
- Croydon
- Georgetown
- Forsayth
- Malanda
- Millaa Millaa
- Ravenshoe
- Cow Bay
- Mission Beach
- Jumbun
- Smithfield
- Cairns North
- Cairns South
- Edmonton.

Additional services include:

- Mental health, oral health, and community health, First Peoples and subacute services are provided at many sites, including hospitals, community health centres, primary health centres, residential and extended care facilities, and by mobile service teams
- Tropical Public Health Services (Cairns), which focuses on preventing disease, illness and injury, as well as providing limited health promotion to targeted groups.

Car parking concessions

During 2022-2023, the Cairns and Hinterland HHS issued 1144 car parking concession passes valued at \$3853.30.

Targets and challenges

Cairns and Hinterland HHS continues to be challenged by the increasing demand for health services outstripping population growth as well as the need to improve health equity for First Peoples.

We service the unique, complex health needs of the largest and most diverse Aboriginal and Torres Strait Islander population in the state, and we continue to work towards improving equity of access, particularly for those who are at risk of poorer health outcomes.

Whilst an estimated 11.6 per cent of the Cairns and Hinterland HHS population identify as First Peoples, 29 per cent of our patients admitted to hospital identify as First Peoples.

We completed our Local Area Needs Assessment (LANA) with the Northern Queensland Primary Care Network (NQPHN) and our First People's Health Equity Strategy and Implementation Plan which involved significant consultation with partners, consumers, local councils and other stakeholders.

For our clinical services we implemented an expanded diabetes integrated service model with a number of Aboriginal Community Controlled Health Organisations (ACCHOs), Torres and Cape HHS and the NQPHN.

We also increased our cardiac services, providing a tele-cardiac rehabilitation program to improve access to care for people from the Cairns and Hinterland region (a state-wide partnership model with Metro North) as well as expanding the Better Cardiac Care service for Aboriginal and Torres Strait Islander people in conjunction with Lotus Glen Correctional Centre, six hospitals across the Cairns and Hinterland region and two ACCHOs.

In previous and current reporting periods we have experienced significant demand for higher intensity inpatient services, due to the chronic and complex health conditions of the community, combined with increasing pressures on the primary care sector. This will continue to be a challenge into the future and the Cairns and Hinterland HHS has short, medium and long-term plans in place to help address this, including infrastructure, models of care and workforce plans.

Recent initiatives at Cairns Hospital include introducing the Transit Procedure Unit facilitating faster flow of patients through Cairns Hospital to home and integrating virtual care, including remote patient monitoring for suitable patients on the 'Hospital in the Home' program.

As we look to the future, our challenges include preparedness for climate change and ensuring our facilities and services are fit for purpose and able to meet the needs of our community.

We have opportunities to grow our partnerships, our use of digital technology and our workforce to position ourselves to continue to provide excellent and sustainable healthcare services.

Governance

Our people

Board membership

Dr Clive Skarott AM

HonDUni, DipFinSvcs, FAICD, FAMI, JP (Qual.)

Board Chair, Member Finance and Performance Committee, Member Safety and Quality Committee, Member Audit Committee, Member Executive Committee

Appointed: 16 May 2017

Current term: 1 April 2022 – 31 March 2024

As well as his work with us, Clive is also Chair of James Cook University Dental and President of the Cairns Historical Society and Museum.

Before joining our Board, Clive held the following positions:

- Chair of Ergon Energy
- Director of Energy Queensland Ltd
- Chair of the Cairns Port Authority
- Director of Advance Cairns
- Treasurer of the Regional Development Australia Committee (Far North Queensland and Torres Strait)
- Director and Chief Executive Officer of the Electricity Credit Union.

Clive has also been recognised for the following:

- 2007 – Distinguished Service Award for the service to Australian Credit Union industry
- 2011 – Cairns Citizen of the Year.

Mr Luckbir Singh

LLB, GAICD

Board Deputy Chair, Chair Executive Committee, Member Safety and Quality Committee

Appointed: 16 May 2017

Current term: 18 May 2020 – 31 March 2024

Luckbir has been a corporate lawyer for more than 20 years. In 2007, he became a partner at MacDonnell's Law. In 2016, he was recognised by Lawyers Weekly as a finalist in the Australian Partner of the Year Awards.

As well as his roles with the Board, Luckbir is also:

- Director of Northern Queensland Primary Health Network
- A state council member of the Australian Institute of Company Directors Queensland State Council.

Ms Nancy Long

ADip Bus, Dip Bus

Board member, Member Safety and Quality Committee, Member Finance and Performance Committee

Appointed: 16 May 2017

Current term: 18 May 2020 – 31 March 2024

Nancy was a First Peoples health executive for 26 years and held different positions with Wuchopperen Health Service from 1989 until retiring in 2015, including:

- Chief Executive Officer
- Director of Primary Health Care
- Director of Business Development.

Nancy was inducted into the Queensland Aboriginal and Islander Health Council's Hall of Fame in 2010.

Mr Gregory Nucifora

BCom CA, FAICD

Board member, Chair Finance and Performance Committee, Member Audit Committee

Appointed: 18 May 2020

Current term: 18 May 2020 – 31 March 2024

Gregory was born and raised in Far North Queensland and is a private client advisor with Bell Potter Securities in Cairns. As well as sitting on our Board, he's also:

- Director of Queensland Country Bank
- Director Australian Reinsurance Pool Corporation
- Chair of the Catholic Development Fund for the Diocese of Cairns
- Chair of the Finance and Risk Management Committee for Tourism Tropical North Queensland.

Mr Christopher Boland

BE (Hons), GAICD

Board member, Chair Audit Committee, Member Finance and Performance Committee

Appointed: 16 May 2017

Current term: 18 May 2020 – 31 March 2024

Chris has been Chief Executive Officer of the Far North Queensland Ports Corporation (Ports North) since 2009.

As well as sitting on our Board, he's also:

- Member of the Queensland Ports Association
- Director of Advance Cairns
- Director of Ports Australia.

Dr Amanda Roberts

BSOC SCI (CUR), MBBCH, FACRRM

Board member, Member Executive Committee, Member Safety and Quality Committee

Appointed: 18 May 2020

Current term: 18 May 2020 – 31 March 2024

Amanda was born in South Africa where she lived until she moved to Cairns in 2007. As a GP, her membership brings valuable clinical skills to our Board.

Amanda's medical training included rotations at Cairns Hospital, and she worked for many years with the Royal Flying Doctor Service.

Before she became a doctor, Amanda was a registered nurse and midwife. She's passionate about getting health services to vulnerable people in Cairns. In 2014, Amanda started the not-for-profit organisation Wheels of Wellness Mobile Clinic.

Ms Jodi Peters

BBus (USQ), GAICD, FIML, MAHRI

Board member, chair Safety and Quality Committee, Member Finance and Performance Committee, Member Audit Committee

Appointed: 16 May 2017

Current term: 1 April 2022 – 31 March 2026

Jodi is a founder and Managing Director of The 20/20 Group. In this consulting role, she has continuously, since 2002, assisted a broad range of entities with strategic planning, governance, and major tendering projects. Jodi is also the Business Manager of Peters Bosel Lawyers.

Jodi has chaired, sat on, and consulted to numerous commercial and not-for-profit boards. This work includes 11 years as chair of the Board of Worklink. She is presently the Independent Chair of a large Queensland-based building construction company. This experience has given her a strong knowledge of governance, executive reporting, financial and performance management.

Ms Tracey Wilson

MSustDev, ProfDipHRM, MAICD, AMICDA

Board member, Member Executive Committee, Member Audit Committee

Appointed: 16 May 2017

Current term: 1 April 2022 – 31 March 2026

Tracey is the owner and director of Working Visions. Her firm consults on strategy, governance, systems and evaluation. It focuses on sustainable development underpinned by community and stakeholder engagement, and community capacity building.

Over the past 18 years, she has held board and sub-committee roles with:

- Queensland Building Services Authority
- Yachting Queensland
- International Association for Public Participation.

Tracey currently sits on the Electrical Safety Board's Education Committee and is a co-convenor of the Northern Qld Community Engagement Network.

Ms Fiona Jose

Board member, Member Executive Committee

Appointed: 1 April 2022

Current term: 1 April 2022 – 31 March 2026

Fiona Jose is a proud Aboriginal and Torres Strait Islander woman and Chief Executive Officer of Cape York Partnership – an Indigenous organisation driving a comprehensive reform agenda improving the lives of Indigenous families in Cape York. Empowered Communities is a National First Nations collective of urban, regional and remote Australia facilitating place-based development, of which Fiona is the representative for Cape York.

As well as sitting on a number of boards associated with Cape York Partnership, Fiona is also:

- Council Member, National Museum of Australia and Chair of Indigenous Reference Group
- First Nations Advisory Council Member, Paul Ramsay Foundation.

Board attendance and fees

The Board meets monthly with 11 meetings typically scheduled each financial year and an extraordinary Board meeting in August to approve the Cairns and Hinterland HHS's annual financial statements. Attendance and fees for the 2022-2023 Board are outlined in the tables below:

Cairns and Hinterland Hospital and Health Board					
Act or instrument	<i>Hospital and Health Boards Act 2011</i>				
Functions	Members of the Cairns and Hinterland Hospital and Health Board (HHB) are appointed by the Governor in Council on recommendation of the Minister for Health, Mental Health and Ambulance Services and Minister for Women. The HHB is responsible for the governance and control of the HHS, appointing the Health Service Chief Executive, setting the HHS's strategic direction and monitoring the HHS's financial and operational performance.				
Achievements	Refer to section non-financial performance, page 33 of Annual Report				
Financial reporting	Refer to section Financial Summary, page 37 of Annual Report				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	Clive Skarott	11 (board) 25 (sub-committees)	\$75,000 pa	\$12,000 (Finance and Performance; Safety and Quality; Audit; Executive)	\$87,000
Deputy Chair	Luckbir Singh	10 (board) 9 (sub-committees)	\$40,000 pa	\$7000 (Executive; Safety and Quality)	\$47,000
Member	Nancy Long	10 (board) 15 (sub-committees)	\$40,000 pa	\$6000 (Safety and Quality; Finance and Performance)	\$46,000
Member	Amanda Roberts	10 (board) 10 (sub-committees)	\$40,000 pa	\$6000 (Executive; Safety and Quality)	\$46,000
Member	Christopher Boland	10 (board) 14 (sub-committee)	\$40,000 pa	\$7000 (Audit; Finance and Performance)	\$47,000
Member	Jodi Peters	11 (board) 19 (sub-committee)	\$40,000 pa	\$10,000 (Safety and Quality; Finance and Performance; Audit)	\$50,000
Member	Tracey Wilson	9 (board) 8 (sub-committee)	\$40,000 pa	\$6000 (Executive; Audit)	\$46,000
Member	Gregory Nucifora	11 (board) 15 (sub-committee)	\$40,000 pa	\$7000 (Finance and Performance; Audit)	\$47,000
Member	Fiona Jose	9 (board) 2 (sub-committee)	\$40,000 pa	\$3000 (Executive)	\$43,000

No. scheduled meetings/sessions	11
Total out of pocket expenses	\$1552

Table 1 – Board meeting attendance and fees

Name	Board Meeting	Audit	Finance and Performance	Safety and Quality	Executive
Clive Skarott	11/11	4/4	11/11	6/6	4/4
Luckbir Singh	10/11			5/6	4/4
Nancy Long	10/11		10/11	5/6	
Amanda Roberts	10/11			6/6	4/4
Christopher Boland	10/11	4/4	10/11		
Jodi Peters	11/11	4/4	10/11	5/6	
Tracey Wilson	9/11	4/4			4/4
Gregory Nucifora	11/11	4/4	11/11		
Fiona Jose	9/11				2/4

Table 2 – Board meeting and Board sub-committee meeting attendance

Our committees

Committees of the Board

The Board is supported in the discharge of its duties by a series of Board committees. These committees include the:

- Executive Committee
- Safety and Quality Committee
- Audit Committee
- Finance and Performance Committee

Executive Committee

The Executive Committee is a formal committee of the Board established in accordance with section 32A of the *Hospital and Health Boards Act 2011*, and performs the functions described in this section and in accordance with its Terms of Reference.

During the 2022-2023 year, the Executive Committee considered a number of matters, including:

- Operational and strategic planning
- First Peoples Health Equity Plan
- Cultural Strategy
- Workplace Health and Safety
- Communications and Engagement Plan
- HR performance
- Risk management
- Consumer engagement
- Workforce.

Safety and Quality Committee

The Safety and Quality Committee is a formal committee of the Board established in accordance with schedule 1, section 8 of the *Hospital and Health Boards Act 2011*, and performs the functions described under part 7, section 32 of the *Hospital and Health Boards Regulation 2012*.

The purpose of the Safety and Quality Committee is to assist the Health Service and its Board by fulfilling its oversight responsibilities and ensuring effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services provided by the Health Service.

During the 2022-2023 year, the Safety and Quality Committee considered a number of matters, including:

- Clinical governance
- Clinical litigation
- Patient safety and quality
- Key performance indicators relating to organisation-wide assessment (accreditation) in accordance with the National Safety and Quality Health Service Standards
- Specific presentations by different service departments.

Audit Committee

The Audit Committee is a formal committee of the Board established in accordance with schedule 1, section 8 of the *Hospital and Health Boards Act 2011*.

The Audit Committee performs the functions as so described under part 7, section 34 of the *Hospital and Health Boards Regulation 2012*.

The purpose of the Audit Committee is to advise the Board on the adequacy of the Health Service's financial statements, internal control structure, internal audit function and legislative compliance systems. The Committee also oversees the Health Service's liaison with the Queensland Audit Office (QAO). The Audit Committee monitors audit recommendations on a quarterly basis – including External Audit recommendations and QAO performance audit recommendations (where relevant).

Finance and Performance Committee

The Finance and Performance Committee is a formal committee of the Board established in accordance with schedule 1, section 8 of the *Hospital and Health Boards Act 2011* and performs its functions as so described under part 7, section 33 of the *Hospital and Health Boards Regulation 2012*.

The purpose of the Finance and Performance Committee is to assess the Health Service's budgets and monitor the Health Service's cash flow and its financial and operating performance. It is responsible for advising and updating the Board about these and other related matters.

During 2022-2023, the Finance and Performance Committee considered a number of matters, including:

- Financial performance
- Operational performance and supporting key performance indicators
- Capital projects
- Organisational Sustainability Plan.

Executive team

Health Service Chief Executive

Ms Leena Singh *CA, BMS*

As Chief Executive of Cairns and Hinterland HHS, Leena is responsible for the operational management of Far North Queensland's largest health service, also the largest single employer in the region. Leena commenced in the Chief Executive role in February 2023. She has more than 20 years' experience in senior executive roles in health systems in New South Wales, Queensland and New Zealand, with particular skills in strategic development, governance, and health systems improvement. Her wealth of experience includes holding Chief Executive, Chief Operating Officer and Chief Financial Officer roles in a range of health services and other organisations.

Acting Executive Director Cairns Services

Ms Susan Henderson *CCN, RN, BN, MBA, MAICD*

Susan commenced as Acting Executive Director of Cairns Services in February 2023. Susan has more than 30 years' experience in critical care nursing and senior leadership roles across Queensland, New South Wales and the United Kingdom. She commenced with Cairns and Hinterland HHS in 2017 as the Director of Intensive Care, Women's and Perioperative and has been instrumental in strengthening corporate and clinical governance, implementing alternative models of care and local outsourcing to the private sector on a large scale. She was involved with the commissioning of the Multidisciplinary Preadmission Clinic, hybrid theatre and the twelfth theatre at Cairns Hospital.

Executive Director Rural and Remote Services

Ms Tracey Morgan *BAppSci (RN, RM, Grad Cert (Intensive Care), Grad Cert (MH), Grad Cert (BusManHlth), Master of Nursing, GAICD*

Tracey has 40 years of experience in nursing including 19 of those in senior nursing leadership and management positions across the public and private sector. In her early nursing career, she held clinical nurse specialist roles in Intensive Care and Respiratory Medicine at Westmead Hospital in New South Wales. Tracey also worked for 12 months for International Health and Medical Services. She was the health service manager across two detention centre sites in Darwin during the peak of the asylum seeker period. More recently, she was the Rural Manager for Mental Health in southern Queensland before progressing into Director of Nursing and Midwifery roles. She came to Cairns and Hinterland HHS as Director of Nursing and Midwifery, Rural and Remote Services.

Executive Director Medical Services

Adjunct Clinical Professor Dr Donald Mackie *MB ChB FANZCA FRACMA*

Don was appointed in June 2019 and has more than 20 years' experience in clinical leadership roles in Australia and New Zealand. He originally specialised in anaesthesia and has worked in the United Kingdom and United States. Previously, he held the role of Executive Director of Medical Services and Clinical Governance with the Central Adelaide Local Health Network.

Executive Director Nursing and Midwifery

Mr Cameron Duffy *BN, GradDip (Health Admin & Information Systems), MDem*

Cameron was permanently appointed as Executive Director of Nursing and Midwifery Services in December 2022 after acting in the role since August 2022. He has been a Registered Nurse for more than 27 years, starting in the private sector on the Gold Coast before commencing with Wide Bay HHS (WBHHS) in 1995. He fulfilled numerous nursing leadership roles including the Acting Executive Director of Nursing and Midwifery for WBHHS from early 2021. During that time, he took a critical leadership role as part of the pandemic response. Cameron has a Masters of Dementia and has collaborated with university partners on several projects in dementia research.

Executive Director People and Culture

Mr Allan Parsons *MshipMgt GradDip EducTrn BsocSc (HRM) AssocDipBus*

Allan commenced acting in the Executive Director People and Engagement role in April 2022 following more than 20 years of regional public and private sector leadership experience as a Workforce/HR Director in Health and Tertiary Educational settings. He was formally appointed to the position in October 2022. Allan holds a Master of Leadership and Management in Education and a Bachelor of Social Science with majors in Human Resource Management and Work and Organisational Studies. He has experience in both tertiary educational and university hospital and healthcare contexts. Allan departed the service in May 2023.

Acting Chief Finance Officer

Mr Tiaan Grobbelaar *BA, CA ANZ*

Tiaan has more than 15 years' extensive experience in financial accounting and reporting, management accounting and budgeting, and expertise in leading finance teams. He has worked extensively across mining and health industries in Queensland. He commenced as the Acting Chief Finance Officer in January 2023 and has been with Cairns and Hinterland HHS since 2016.

Executive Director Allied Health, Strategy, Planning and Infrastructure

Ms Tania Cavanagh *B. Physiotherapy, GAICD*

Tania was appointed to the role of Executive Director Allied Health in 2022 and she has also undertaken the strategy and planning, and capital infrastructure portfolios since February 2023. Prior to Tania's appointment as Executive Director of Allied Health, she worked as a physiotherapist in clinical and clinical leadership roles for more than 20 years in public and private sector health settings across Australia and in the United Kingdom. Tania became the Cairns and Hinterland HHS Director of Physiotherapy in 2004, including significant periods as Acting Director Allied Health and Acting Executive Director Allied Health. Tania is currently a Director on the James Cook University Dental Board.

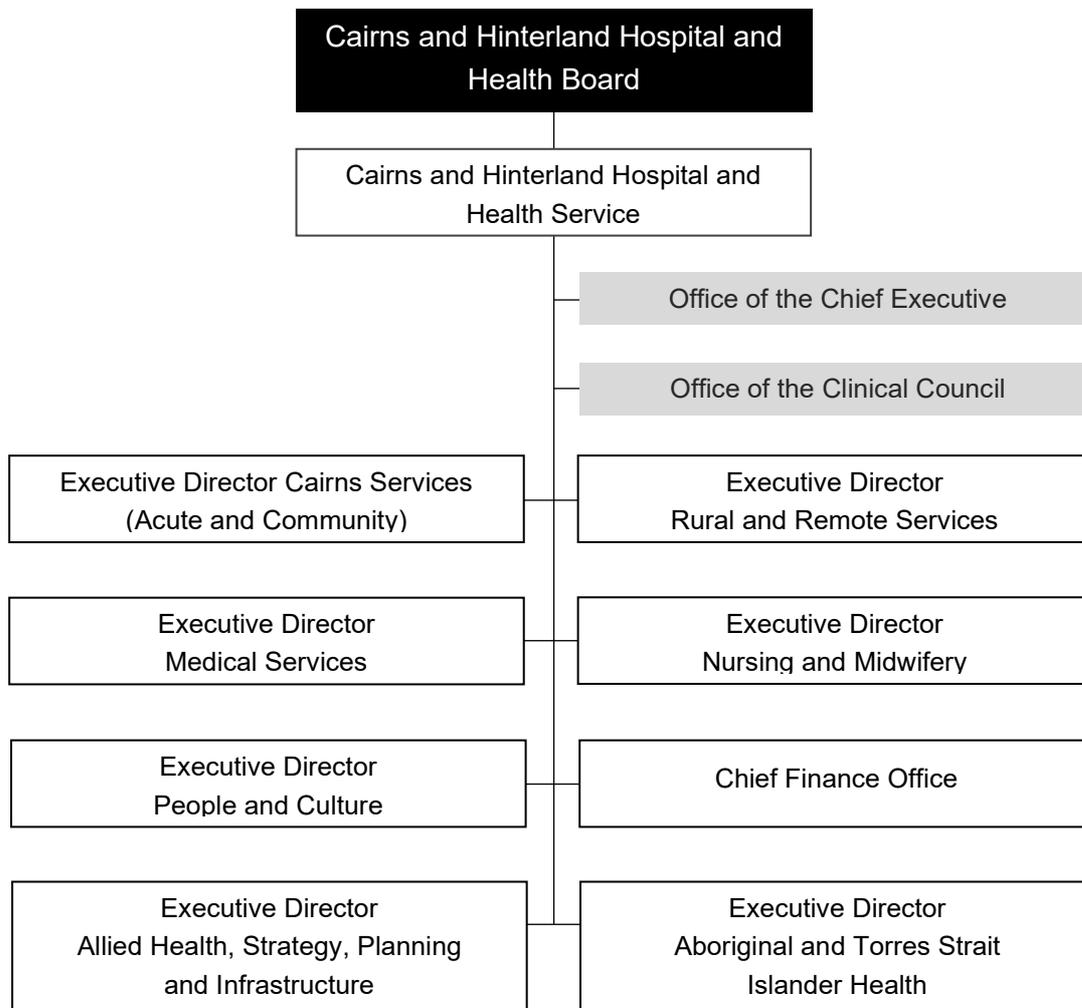
Executive Director Aboriginal and Torres Strait Islander Health

Ms Maria Dorante *BCM*

Maria was appointed to the role in October 2022 and brings more than 20 years' experience working in frontline services through to business administration, project management and service management across the government and non-government sector throughout Far North Queensland communities. Maria's aspiration as an executive member is to use her professional and personal expertise to lead and support

service initiatives which produce tangible, positive and culturally responsive improvements to equalise the healthcare scorecard for Aboriginal people and Torres Strait Islander people throughout the region. Maria is committed to advancing sustainable and innovative approaches through the implementation of the Cairns and Hinterland HHS Health Equity Strategy to address the healthcare challenges faced by First Peoples.

Organisational structure and workforce profile



Workforce profile

Cairns and Hinterland HHS continues to be the largest employer in Far North Queensland. As at 25 June 2023, 5837 full-time equivalent employees² delivered or supported safe and quality healthcare services across nine executive-led portfolios within the Health Service.

Total Staffing	FTE
Headcount	7,093
Paid FTE	5,837

Occupation Types by FTE	FTE	%
Corporate	231.08	3.96%
Frontline	4,247.10	72.76%
Frontline support	1,358.88	23.28%

Appointment Type by FTE	FTE	%
Permanent	4,270.59	73.16%
Temporary	1,236.32	21.18%
Casual	307.07	5.26%
Contract	23.08	0.40%

Employment Status by Headcount	Headcount	%
Full-time	3,381	47.67%
Part-time	3,086	43.51%
Casual	626	8.83%

The Health Service remains focused on building a culture of excellence, underpinned by its values of compassion, accountability, integrity, and respect. We plan to increase our diversity including the number of Aboriginal and Torres Strait Islander people employed to better reflect the local community and its patient profile. This growth will be supported by offering traineeships, mentoring, and creating identified positions where appropriate.

Gender	Headcount	Percentage of total workforce (calculated on headcount)
Woman	5462	77.01%
Man	1622	22.87%
Non-Binary	9	0.13%

² MOHRI FTE data for fortnight ending 25 June 2023

Table 3 - Gender

Diversity Groups	Headcount	Percentage of total workforce (calculated on headcount)
Women	5,462	77.01%
Aboriginal Peoples and Torres Strait Islander Peoples	255	3.60%
People with disability	141	1.99%
Culturally and Linguistically Diverse – Speak a language at home other than English*	830	11.70%

Table 4 - Diversity target group data

*This includes Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages spoken at home

Women (headcount)	Headcount	Women percentage as total leadership cohort (calculated on headcount)
Senior Officers (Classified and s122 equivalent combined)	10	71.43%
Senior Executive Service and Chief Executives (Classified and s122 equivalent combined)	8	57.14%

Table 5 - Target group data for Women in Leadership Roles

Strategic workforce planning and performance

The Health Service workforce goals are focused on sourcing, attracting, developing, and retaining high-calibre staff with the knowledge, skills and experience needed to successfully deliver the goals and directions within the *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023* and the *Cairns and Hinterland Hospital and Health Service Clinical Services Plan 2022-2027*.

Staff wellbeing and psychosocial code of practice

The *Cairns and Hinterland Hospital and Health Service Culture Strategy 2020-2025* focuses on a safe and healthy workplace, adherence to values, diversity and inclusion, teamwork, and shared accountability and leadership.

With our staff highly impacted during our COVID-19 response, we focused on an empathetic approach to ensure staff wellbeing continued to be addressed.

The Cairns Hospital Wellbeing Expo held in October 2022, during Queensland Mental Health Week, provided staff with activities based on the eight dimensions of wellness. The Wellbeing Expo was supported by face-to-face and online wellbeing and resilience training, reaching our remote, rural and regional staff members.

The implementation of the Psychosocial Code of Practice in April 2023 led to the Workplace Health and Safety team rolling out manager and staff training across Cairns and Hinterland HHS. A comprehensive Psychosocial Risk Assessment was completed and identified gaps will form the program of work for 2023-2024.

Planning for the future of work

Cairns and Hinterland HHS engaged with the secondary education sector through work experience placements and participation in school career days to promote careers in health and education pathways. The Heroes in Health open day, a collaboration between Cairns Hospital and James Cook University, provided hands-on experience for 40 local students.

Flexible working arrangements

Cairns and Hinterland HHS recognises the importance of flexible working arrangements in attracting and retaining employees, building an engaging workplace culture, creating a diverse and inclusive workplace, and assisting all staff in achieving a better work/life balance.

Recognising our staff

Organisational Development and the Communications and Engagement team collaborated on this year's Excellence and Recognition Week, where staff received values awards and length of service awards. At the conclusion of the week, the inaugural Cairns and Hinterland HHS Excellence Awards Gala Dinner was held, recognising staff for their outstanding contributions.

Leadership programs

Leadership and management development programs were implemented to build capability and effectiveness. The Transition to Leadership program continues to assist those aspiring to management roles. Above this, the Management Development Program was well attended during 2022-2023. This program provides existing managers with insights into the essential skills required to be an effective organisational leader and manager. Our senior leaders were supported by KPMG through Executive Teaming programs.

In April 2023, Clinical Excellence Queensland and Price Waterhouse Coopers facilitated the Manage4Improvement training package to improve leadership capability. Leaders were also invited to participate in the online state-wide leadership program.

One-to-one coaching is provided by the Organisational Development team to develop specific leadership or management skills and to help ensure learnings are pragmatically embedded in practice.

Industrial relations framework

The Health Service holds Local Consultative Forums (LCFs) that support a collaborative approach to consultation and the timely resolution of industrial issues between the Health Service and unions. LCFs aligned to Awards and Enterprise Agreements provide the mechanism for discussing operational matters while the overarching Health Service Consultative Forum (HSCF) is aimed at HHS-wide initiatives or issues of a more tactical/strategic nature. An escalation path between LCFs, the HSCF and Department of Health peak industrial forums exists to ensure disputes are managed in the spirit of collegial engagement as far as possible.

Early retirement, redundancy and retrenchment

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

Our risk management

Cairns and Hinterland HHS is committed to best practice risk management through alignment with ISO 31000:2018 Risk management – Principles and Guidelines, in accordance with the risk appetite endorsed by the Board of Cairns and Hinterland HHS.

The Health Service has an established Risk Management Framework, and the organisation is passionate about improvement through the proactive identification of risks and opportunities, and identifying, establishing and maintaining appropriate controls. The Framework has been developed in accordance with ISO 31000 and consists of a policy, procedure, risk appetite statement, risk register, governance structure and reporting tools. There are four reporting levels within the framework: Cairns and Hinterland HHS level risks (comprising both strategic and operational risk); executive directorate; service; and unit level risks.

In 2023, a range of improvements to increase the maturity of risk management operations across the organisation was continued, with a focus on consolidation of information within the risk register and further education for staff.

The Board undertakes a risk horizon scan annually. Risks are reported to the Health Service's Executive Leadership Committee, Board Executive Committee and Board on a quarterly basis or escalated as required. The risk management framework, risk appetite statement and risk analysis matrix are reviewed on an annual basis. Accountable executives and leaders are responsible for managing risks within the Board's appetite.

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to the HHS during the financial year and action taken by the HHS as a result of the direction. During the 2022-2023 period, no directions were given by the Minister to Cairns and Hinterland HHS.

Internal audit

The Health Service has an internal audit function, which provides independent, objective assurance to the Health Service's Executive Leadership Committee, Board Audit Committee and Board on the state of risks and internal controls. It also provides the executive directors with recommendations to enhance internal controls. The audits undertaken are risk-based and designed to evaluate and improve the effectiveness of risk management, control and governance processes. All audit reports are presented to the relevant operational manager for management responses and then submitted to the Health Service's Executive Leadership Committee and Audit Committee. The Internal Audit Team follows up implementation of all review recommendations and presents a monthly update on implementation to the Executive Leadership Committee and a quarterly update on implementation to the Audit Committee. The Internal Audit Team is resourced with an in-house Director of Internal Audit and Risk and a Senior Internal Auditor. Arrangements for the use of external contractors are made periodically as required to deliver the Internal Audit Plan.

During the 2022-2023 period, Internal Audit finalised seven internal audits covering both clinical and non-clinical risk areas including:

- Review of culturally and linguistically diverse care and disability care
- Review of clinical and corporate CHHS supported and/or installed software
- Compliance with the Specialist Outpatient Implementation Standard (SOSIS)
- Compliance with the Patient Travel Subsidy Scheme guidelines (PTSS)
- Review of fatigue management
- Review of clinical incident management.

External scrutiny, information systems and recordkeeping

External scrutiny

The Health Service's operations are subject to regular scrutiny and validation from numerous external agencies. These include, but are not limited to:

- Australian Council on Healthcare Standards
- Australian Health Practitioner Regulation Agency
- Coroner
- Crime and Corruption Commission
- Medical colleges
- National Association of Testing Authorities Australia
- Office of the Health Ombudsman
- Queensland Prevocational Medical Accreditation
- BreastScreen Queensland
- Radiology Health division of Queensland Health
- Pathology Queensland
- Queensland Audit Office
- Queensland Government Customer and Digital Group (Formerly QGCIO)
- eHealth Queensland.

Cairns and Hinterland HHS achieved a positive accreditation outcome against the National Safety and Quality Health Service Standards (NSQHS) from October to November 2022. Assessors returned to the Health Service in March 2023 and acknowledged significant progress attending to and embedding recommendations from the October audit. The HHS was re-accredited and is compliant to 2025.

Chief Executive Attestation of 1S18:2018 (ISMS) information security risk

During the 2022-2023 financial year, the Cairns and Hinterland HHS has an informed opinion that information security risks were actively managed and assessed against the Cairns and Hinterland HHS's risk appetite with appropriate assurance activities undertaken in line with the requirements of the Queensland Government Enterprise Architecture (QGEA) Information security policy (IS18:2018).

Medical records

Cairns and Hinterland HHS manages medical records through two key mechanisms. Staff at the Cairns Hospital and Cairns Community Health use an integrated electronic medical record (ieMR) while staff at rural and remote Primary Health Care Centres and Sexual Health use another electronic medical record (Communicare) to document care for their patients. Clinical staff at all other facilities within the Health Service region can view these records, enabling continuity of care. This allows for information to be available to multiple providers at the one time and assists in the co-ordinated care of patients. All access to the system is controlled and logged, and audit trails are regularly monitored. Health Information Services, within the Health Service, manages the paper records across the facilities and, where required, scans information from paper records into the electronic medical records. Health Information Services is currently accredited against the National Safety and Quality Health Service Standards. Systems are in place to ensure paper records are appropriately stored, easily located and accessible when required, secured from unauthorised access, and protected from environmental threats. Health Information Services also has procedures and work instructions in place that ensure compliance with the Health Sector (Clinical Records) Retention and Disposal Schedule, Queensland Disposal Authority Number (QDAN) 683 and General Retention and Disposal Schedule issued 3 December 2020.

Information systems and recordkeeping

Cairns and Hinterland HHS is responsible for the management and safe custody of administrative records in accordance with the Records Governance Policy and *Public Records Act 2002*.

Administrative records are created, stored and maintained for only some of the business activities undertaken. The Health Service adheres to the General Retention and Disposal Schedule issued 3 December 2020 and the Health Sector (Corporate Records) Retention and Disposal Schedule. Building and maintaining best-practice record keeping is the responsibility of all employees.

Queensland Public Service ethics

The Cairns and Hinterland HHS continued to implement the principles of the *Public Sector Ethics Act 1994*: Integrity and impartiality; Promoting the public good; Commitment to the system of government; and Accountability and transparency.

All staff employed are required to undertake training in the Code of Conduct for the Queensland Public Service (the Code) during their orientation and to re-familiarise themselves with the Code at regular intervals.

The orientation program includes education on conflict of interest, fraud, and bullying and harassment to ensure all staff have an understanding of the requirements to abide by the Code.

Human rights

During the 2022-2023 period, the Cairns and Hinterland HHS continued to embed, promote and strengthen a culture of human rights by incorporating human rights into our *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023*, including human rights considerations in relevant human resource and decision-making processes and engaging with public entities to raise awareness of obligations.

A tailored Consumer Complaints Manual was developed for staff managing customer complaints to ensure human rights considerations have become an inherent part of Cairns and Hinterland HHS decision-making and complaints management processes.

The Cairns and Hinterland HHS assesses all complaints for human rights and not just those where a contravention of a human right is specifically alleged by the complainant.

The Cairns and Hinterland HHS received 48 human rights complaints, which included two complaints from the Queensland Human Rights Commission (QHRC), and were identified as engaging the following human rights:

- *Section 15 - Recognition and equality before the law;*
- *Section 21 – Freedom of expression;*
- *Section 25 – Privacy and reputation;*
- *Section 29 – Liberty and security of person;*
- *Section 30 – Humane treatment when deprived of liberty; and*
- *Section 37 – Health services.*

Of the 48 complaints, 47 have been reviewed and assessed as being compatible with human rights and resolved by way of explanation, apology or information provided. One complaint remains ongoing.

Confidential information

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

Performance

Service standards

During the year, Cairns and Hinterland HHS continued to deliver high-quality services to residents and visitors of Far North Queensland. This was achieved in an environment of a shortage of general practitioners (GPs) in our region, increasing demand for health services, and workforce challenges.

Emergency Department performance across Cairns and Hinterland HHS facilities was impacted by increased presentations and acuity of presentations during 2022-2023 which at times impacted our performance and ability to deliver planned care services.

The median wait time for treatment in emergency departments in 2022-2023 was 18 minutes, which remained consistent with the 2021-2022 period and the median wait time for elective surgery was 35 days.

Challenges recruiting to key clinical positions within the mental health service impacted the number of mental health contact hours with clients.

Cairns and Hinterland Hospital and Health Service	2022-2023 Target	2022-2023 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes		
<ul style="list-style-type: none"> Category 1 (within 2 minutes) Category 2 (within 10 minutes) Category 3 (within 30 minutes) Category 4 (within 60 minutes) Category 5 (within 120 minutes) 	100%	100%
	80%	72%
	75%	68%
	70%	72%
	70%	89%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department	>80%	67%
Percentage of elective surgery patients treated within the clinically recommended times ¹		
<ul style="list-style-type: none"> Category 1 (30 days) Category 2 (90 days)² Category 3 (365 days)² 	>98%	89%
	..	60%
	..	70%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days ³	<2	1.1
Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit ⁴	>65%	60.0%
Proportion of re-admissions to acute psychiatric care within 28 days of discharge ⁵	<12%	13.1%
Percentage of specialist outpatients waiting within clinically recommended times		
<ul style="list-style-type: none"> Category 1 (30 days) Category 2 (90 days)⁶ Category 3 (365 days)⁶ 	83%	63%
	..	35%
	..	74%
Percentage of specialist outpatients seen within clinically recommended times		
<ul style="list-style-type: none"> Category 1 (30 days) Category 2 (90 days)⁶ Category 3 (365 days)⁶ 	77%	74%
	..	50%
	..	58%
Median wait time for treatment in emergency departments (minutes)	..	18
Median wait time for elective surgery treatment (days) ¹	..	35
Efficiency measure		
Average cost per weighted activity unit for Activity Based Funding facilities ⁷	\$4,972	\$5,655
Other measures		
Number of elective surgery patients treated within clinically recommended times ¹		
<ul style="list-style-type: none"> Category 1 (30 days) Category 2 (90 days)² Category 3 (365 days)² 	3,092	3,548
	..	1,540
	..	830
Number of Telehealth outpatients service events ⁸	10,529	10,677

Cairns and Hinterland Hospital and Health Service	2022-2023 Target	2022-2023 Actual
Total weighted activity units (WAU) ⁹		
• Acute Inpatients	100,052	95,688
• Outpatients	28,770	27,869
• Sub-acute	12,039	13,145
• Emergency Department	23,417	24,457
• Mental Health	8,555	9,792
• Prevention and Primary Care	3,297	3,041
Ambulatory mental health service contact duration (hours) ¹⁰	>72,247	48,402
Staffing ¹¹	5,245	5,837

Table 6: Service Standards – Performance 2022-2023

- 1 In response to the COVID-19 pandemic, the delivery of planned care services has been impacted. This has resulted from a period of temporary suspension of routine planned care services during 2021-2022 and subsequent increased cancellations resulting from patient illness and staff furloughing due to illness and isolation policies.
- 2 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery and the continual impacts to services as a result of responding to COVID-19, treated in time performance targets for category 2 and 3 patients are not applicable for 2022-2023.
- 3 Staphylococcus aureus (including MRSA) bloodstream (SAB) infections 2022-2023 Actual rate is as at 7 August 2023.
- 4 Mental Health rate of community follow up 2022-2023 Actual is as at 14 August 2023.
- 5 Mental Health readmissions 2022-2023 Actual is for the period 1 July 2022 to 31 May 2023 as at 14 August 2023.
- 6 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, and the continual service impacts as a result of responding to COVID-19, seen in time targets for category 2 and 3 patients are not applicable for 2022-2023.
- 7 All measures are reported in QWAU (Queensland Weighted Activity Unit) Phase Q25. The variation in difference of Cost per WAU to target is a result of the additional costs of the COVID-19 pandemic.
- 8 Telehealth 2022-2023 Actual is as at 21 August 2023.
- 9 The 2022-2023 target varies from the published 2022-2023 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q25. 2022-2023 Actuals are as at 14 August 2023.
- 10 Ambulatory Mental Health service contact duration 2022-2023 Actual is as at 14 August 2023.
- 11 Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments. 2022-2023 Actual is for pay period ending 25 June 2023.

Non-financial performance

The Cairns and Hinterland HHS monitors its progress against the *Cairns and Hinterland Hospital and Health Service Strategic Plan 2018-2023*. Progress in 2022-2023 aligned to the strategic plan priorities including:

Priority	Performance indicator	Achievements 2022-2023
<p>Our patients</p> <p><i>We work to provide safe and equitable health care close to home for our patients, their families, and our communities</i></p>	<ul style="list-style-type: none"> • Accreditation requirements are maintained • Measures of patient experience, including cultural safety, improved • Growth in the number of occasions of service in rural and remote hospitals • Increased partner engagement • Adherence to all legislated requirements relating to human rights • Meet the COVID-19 acute healthcare needs of the community 	<ul style="list-style-type: none"> • Maintained accreditation against the National Safety and Quality Health Service Standards in Healthcare (second edition) assessment completed October to November 2022 with final assessment visit completed 10 March 2023. • Patient reported experience measures (PREM) and patient reported outcome measures (PROM) implemented and embedded as business as usual. Out of four patient-reported experience measures across Cairns and Hinterland HHS hospitals, more than 80% of respondents indicated they felt very safe and more than 50% indicated their cultural and spiritual needs were met. • Reduced occasions of service for outpatient activity for rural and remote facilities compared with previous financial year. Activity remains higher than the 2019-2020 financial year. Inpatient and procedural activity continues to grow in rural and remote facilities. • Joint partnered service models and care pathways implemented (including the care coordination hub with Torres and Cape HHS and service models with Aboriginal Community Controlled Health Organisations) and expanded working with the primary care sector via the North Queensland Primary Care Network (NQPHN). • Met all obligations (5/5) under <i>Human Rights Act 2019</i>. • Met COVID-19 acute care needs of the community.
<p>Our people</p> <p><i>We build a culture of excellence that fosters compassion, accountability, integrity and respect to strengthen our workplace</i></p>	<ul style="list-style-type: none"> • 80 per cent of staff identified as having an Individual Development Plan (IDP) in place • Improvements in agency engagement, organisational leadership, innovation, and culture as reported in workforce surveys • Improved workplace health and safety indicators and compliance 	<ul style="list-style-type: none"> • Overall IDP compliance increased by 13% (to 68%) FY22-23 compared with previous financial year. A new reporting template and strategies are being developed to increase participation. • Low participation rate for the workforce survey (15%). Slight improvement reported for organisational leadership (2%) and slight decrease for employee engagement (5%). 65% reported improved collaboration/working with others. Slight increase in workforce

Priority	Performance indicator	Achievements 2022-2023
	<ul style="list-style-type: none"> Measures of workplace culture improved post implementation of the Cairns and Hinterland HHS culture strategy 	<p>diversity representation (as at February 2023) achieved for First Peoples, culturally and linguistically diverse people and people with a disability since July 2022.</p> <ul style="list-style-type: none"> Successful implementation of staff safety indicators for COVID-19 response (including fit testing, personal protective equipment use and COVID-19 vaccination programs). Workplace health and safety indicators and compliance includes a training focus in the areas of occupational violence, manual handling and fire safety. Culture strategy implemented with multiple improvement initiatives, such as the wellbeing expo and the inaugural Excellence Awards gala dinner. Increased participation rates in training, leadership and career development programs, including new online programs. Nine culture improvement workshops run in teams across the organisation in 2022-2023.
<p>Aboriginal and Torres Strait Islander communities</p> <p><i>We improve our service delivery and partnerships with Aboriginal and Torres Strait Islander communities to improve health and wellbeing outcomes</i></p>	<ul style="list-style-type: none"> Increased percentage of our Aboriginal and Torres Strait Islander workforce 80% of staff completed cultural capability training Reduce rates of DAMA (Discharge Against Medical Advice) Reduce Potentially Preventable Hospitalisation Rates (PPHRs) Cairns and Hinterland HHS Health Equity Strategy and implementation plan commenced 	<ul style="list-style-type: none"> Percentage of First Nations people in the workforce remains steady compared with 2022 (3.5%). Implemented 10 school-based traineeships for Certificate II in Health Support and then Certificate III Health Services Assistance or Allied Health Assistance to provide a pathway to increase representation in the workforce. Overall cultural capability training completion increased by 4% (to 74%) in 2022-2023 compared with previous financial year. The <i>Cairns and Hinterland Hospital and Health Service First Peoples Health Equity Strategy 2022-2025 Implementation Plan</i> aims to target staff cultural capability participation rates. DAMA rates remain lower than 2017-2018 rates (3.5%), but are slightly higher than 2021-2022 rates (3%). PPHRs are lower than 2021-2022 (16% compared with 17%) and remain lower than 2018-2019 rates (18.3%). <i>Cairns and Hinterland Hospital and Health Service First Peoples Health Equity Strategy 2022-2025</i> and implemented.
<p>Our research and education</p> <p><i>We promote and undertake research and education to deliver better health outcomes for our community</i></p>	<ul style="list-style-type: none"> Increased number of conjoint appointments between Cairns and Hinterland HHS and universities Increased number of research publications Secure infrastructure to enable Cairns University Hospital 	<ul style="list-style-type: none"> Research Excellence Plan updated to include adjunct university appointments instead of conjoint appointments. Joint James Cook University (JCU) education and research governance establishment commenced. Significant increase in number of publications to medical journals received by the Human Research Ethics Committee (HREC) in 2022 compared with 2020 calendar years (increased from 24 to 52).

Priority	Performance indicator	Achievements 2022-2023
		<ul style="list-style-type: none"> Progressed to Detailed Business Case (DBC) for the Cairns Health and Innovation Centre, with completion due by December 2023.
Our technology <i>We optimise our use of current and emerging technologies to provide better continuity of care</i>	<ul style="list-style-type: none"> Benefits of Cairns and Hinterland HHS Digital Health Services Plan realised Increased telehealth and virtual care occasions of service Improved continuity of care for patients demonstrated by the Clinical Coordination Hub 	<ul style="list-style-type: none"> Benefits of the Digital Health Services Plan were realised via replacement upgrade for medical imaging digital infrastructure and interpreter services as well as electronic medical records for primary health care centres embedded. Telehealth activity has progressively increased year on year; achieving above state targets. Virtual care component being trialled with Hospital in the Home (HITH) service. Clinical Coordination Hub implementation delayed, and benefits not yet realised. Trial sites for the Clinical Coordination Hub are underway.
Our future growth and sustainability <i>We meet the needs of our community through safe and sustainable growth and service delivery</i>	<ul style="list-style-type: none"> Benefits of the Clinical Service Plan (CSP) 2018-2022 realised. New CSP targets future growth and sustainability to meet community needs Increased Clinical Service Capability Framework (CSCF) level of selected services, including some to level 6 Increased services to support self-sustainability in rural and remote facilities CHHHS returned to a surplus budget Completion of business case requirements for infrastructure development 	<ul style="list-style-type: none"> Progress achieved against the five service directions in the CSP. New CSP (2022-2027) developed, targeting service growth and sustainability to meet community needs. 2022 CSCF self-assessment completed for the Cairns and Hinterland HHS. More than 20 services have increased in their capability level compared with the 2019 self-assessment, including Pharmacy at Cairns Hospital to level 6. Inpatient, renal dialysis, chemotherapy, endoscopy and interventional cardiology activity has increased in the Cairns and Hinterland HHS rural hospitals. The new CSP continues to drive for increased care closer to home by increasing access to services in rural and remote facilities Cairns and Hinterland HHS recorded an operating financial deficit of \$9.9 million for 2022-2023. Business cases in progress for the Cairns Hospital Expansion Project and Cairns Health and Innovation Centre. Works underway for the emergency department expansion and Mental Health Unit at Cairns Hospital, as well as the new Atherton Hospital Clinical Services Building.

Table 7: Strategic Plan achievements for 2022-2023

Financial summary

The Cairns and Hinterland HHS ended the financial year with an operating deficit of \$9.9 million, compared to a deficit of \$1.01 million last year.

Financial highlights

The deficit position of \$9.9 million is against revenue of \$1.284 billion for the year ended 30 June 2023.

Where the funds came from

The Health Service's income from all funding sources for 2022-2023 was \$1.284 billion and was principally derived from the ABF (Activity Based Funding) and block-funded models with Queensland Health.

Where funding was spent

Total expenses were \$1.294 billion, averaging \$3.5 million per day to provide public health services. Expenditure has increased by \$89 million on 2021-2022 levels (\$1.205 billion). Expenditure increased primarily due to new and expanded services, including commissioning of the off-site 45-bed sub-acute care and rehabilitation unit, enabling additional space for the creation of a Surgical Orthopaedic Assessment Unit at Cairns Hospital.

Cash and investments

At balance date, the Health Service had \$31.6 million in cash and cash equivalents.

Asset revaluation

The revaluation program for 2022-2023 of land and building assets led to a revaluation increment of \$147.4 million for the year, bringing the accumulated asset revaluation surplus balance to \$587.8 million.

Deferred maintenance

Deferred 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 deferred maintenance.

The Maintenance Management Framework defines deferred maintenance as maintenance work that is postponed to a future budget cycle or until funds become available. Some maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All deferred maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe.

As of 30 June 2023, Cairns and Hinterland HHS had reported deferred maintenance of \$89.4 million. Cairns and Hinterland HHS has the following strategies in place to mitigate any risks associated with these items:

- Seek assistance from Sustaining Capital Program
- Allocate operational maintenance budget in line with service agreement offer
- Routine risk assessment of listed maintenance items
- Bring forward the planned and preventative maintenance as necessary to support deteriorating assets and extend life expectancy
- Detailed review of asset life cycle and life expectancy
- Application for assistance for specific items from Priority Capital Programs, emergent works and/or as part of wider redevelopment projects.

Appendix A – Financial statements and Independent Auditor’s Report

Cairns and Hinterland Hospital and Health Service

Financial Statements - 30 June 2023

Cairns and Hinterland Hospital and Health Service

Table of Contents

for the year ended 30 June 2023

STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF CHANGES IN EQUITY	5
PREPARATION INFORMATION	8
SECTION A.....	10
HOW WE OPERATE – OUR OBJECTIVES AND ACTIVITIES	10
A1 OBJECTIVES OF CHHHS.....	10
A2 CONTROLLED ENTITIES.....	10
A3 INVESTMENT IN PRIMARY HEALTH NETWORK.....	10
A4 INVESTMENT IN TROPICAL AUSTRALIA ACADEMIC HEALTH CENTRE	10
A5 COLLABORATION IN BETTER HEALTH NQ ALLIANCE.....	10
A6 ECONOMIC DEPENDENCY	11
SECTION B.....	12
NOTES ABOUT OUR FINANCIAL PERFORMANCE	12
B1 REVENUE.....	12
B2 EXPENSES.....	14
SECTION C.....	17
NOTES ABOUT OUR FINANCIAL POSITION.....	17
C1 CASH AND CASH EQUIVALENTS	17
C2 RECEIVABLES	17
C3 INVENTORIES.....	18
C4 OTHER ASSETS	18
C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION	19
C6 INTANGIBLES	22
C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES	23
C8 PAYABLES	25
C9 ACCRUED EMPLOYEE BENEFITS.....	25
C10 OTHER LIABILITIES.....	25
C10 EQUITY.....	26
SECTION D.....	27
NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES.....	27
D1 FINANCIAL RISK MANAGEMENT	27
D2 CONTINGENCIES	29
D3 COMMITMENTS	29
SECTION E.....	30
NOTES ON OUR PERFORMANCE COMPARED TO BUDGET.....	30
E1 BUDGETARY REPORTING DISCLOSURES	30
E2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME.....	30
E3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION	32
E4 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS	34
SECTION F.....	35
WHAT WE LOOK AFTER ON BEHALF OF THIRD PARTIES	35
F1 TRUST TRANSACTIONS AND BALANCES.....	35
SECTION G.....	37
OTHER INFORMATION	37
G1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES.....	37
G2 RELATED PARTY TRANSACTIONS	46

Cairns and Hinterland Hospital and Health Service

Table of Contents

for the year ended 30 June 2023

G3 RESTRICTED ASSETS	46
G4 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY	47
G5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE	47
G6 CLIMATE RISK DISCLOSURE	47
MANAGEMENT CERTIFICATE.....	48
INDEPENDENT AUDITOR'S REPORT.....	49

Cairns and Hinterland Hospital and Health Service Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Income			
User charges and fees	B1-1	108,842	86,091
Funding for public health services	B1-2	1,148,834	1,092,552
Grants and other contributions	B1-3	14,128	13,328
Interest		60	13
Other revenue	B1-4	12,098	12,002
Total income		1,283,962	1,203,986
Expenses			
Employee expenses	B2-1	(147,412)	(132,799)
Health service employee expenses	B2-2	(773,029)	(712,902)
Supplies and services	B2-3	(286,898)	(272,692)
Depreciation and amortisation	C5-2, C6, C7	(66,100)	(62,261)
Impairment losses	B2-4	(2,409)	(1,906)
Other expenses	B2-5	(18,038)	(22,436)
Total expenses		(1,293,886)	(1,204,996)
Operating result for the year		(9,924)	(1,010)
Other comprehensive income			
Items that will not be reclassified subsequently to operating result			
(Decrease)/increase in asset revaluation surplus	C11-1	147,414	107,212
Total other comprehensive income		147,414	107,212
Total comprehensive income for the year		137,490	106,202

Cairns and Hinterland Hospital and Health Service
Statement of Financial Position

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	C1-1	31,555	13,110
Receivables	C2-1	36,465	31,075
Inventories	C3-1	4,671	4,444
Other assets	C4-1	3,606	4,383
Total current assets		76,297	53,012
Non-current assets			
Property, plant and equipment	C5-1	1,135,820	941,415
Right-of-use assets	C7-1	682	1,239
Intangible assets	C6-1	5	16
Total non-current assets		1,136,507	942,670
Total assets		1,212,804	995,682
Current liabilities			
Payables	C8-1	100,707	77,950
Lease liabilities	C7-1	286	409
Accrued employees benefits	C9-1	19,708	395
Other liabilities	C10-1	897	1,826
Total current liabilities		121,598	80,580
Non-Current liabilities			
Lease liabilities	C7-1	402	840
Total non-current liabilities		402	840
Total liabilities		122,000	81,420
Net assets		1,090,804	914,262
EQUITY			
Contributed equity		580,535	541,483
Accumulated surplus/(deficit)		(77,520)	(67,596)
Asset revaluation surplus	C11-1	587,789	440,375
Total equity		1,090,804	914,262

The accompanying notes form part of these statements.

Cairns and Hinterland Hospital and Health Service Statement of Changes in Equity

For the year ended 30 June 2023

	Contributed equity \$'000	Accumulated surplus/(deficit) \$'000	Asset revaluation surplus (Note C11-1) \$'000	Total equity \$'000
Balance at 1 July 2021	586,110	(66,641)	333,163	852,632
Operating result for the year	-	(1,010)	-	(1,010)
Other comprehensive income				
Increase in asset revaluation surplus	-	-	107,212	107,212
Total comprehensive income for the year	-	(1,010)	107,212	106,202
Transactions with owners as owners				
Non appropriated equity asset transfers	1,369	-	-	1,369
Non appropriated equity injections	16,265	55	-	16,320
Non appropriated equity withdrawals (depreciation funding)	(62,261)	-	-	(62,261)
Net transactions with owners as owners	(44,627)	55	-	(44,572)
Balance at 30 June 2022	541,483	(67,596)	440,375	914,262
Balance at 1 July 2022	541,483	(67,596)	440,375	914,262
Operating result for the year	-	(9,924)	-	(9,924)
Other comprehensive income				
Increase in asset revaluation surplus	-	-	147,414	147,414
Total comprehensive income for the year	-	(9,924)	147,414	137,490
Transactions with owners as owners				
Non appropriated equity asset transfers	59,829	-	-	59,829
Non appropriated equity injections	45,323	-	-	45,323
Non appropriated equity withdrawals(depreciation funding)	(66,100)	-	-	(66,100)
Net transactions with owners as owners	39,052	-	-	39,052
Balance at 30 June 2023	580,535	(77,520)	587,789	1,090,804

The accompanying notes form part of these statements.

Cairns and Hinterland Hospital and Health Service

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		1,183,490	1,110,595
Grants and other contributions		14,128	12,798
Interest received		60	13
GST input tax credits from Australian Tax Office		22,254	20,479
GST collected from customers		1,100	1,023
Other revenue		12,223	12,573
<i>Outflows:</i>			
Employee expenses		(136,831)	(140,740)
Health service employee expenses		(743,328)	(692,764)
Supplies and services		(284,554)	(272,302)
GST paid to suppliers		(23,237)	(20,451)
GST remitted to Australian Tax Office		(1,063)	(985)
Interest payments on lease liabilities		(8)	(14)
Other expenses		(17,536)	(21,745)
Net cash provided by (used in) operating activities	CF-1	26,698	8,480
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for property, plant and equipment	C5-2	(53,082)	(21,769)
Net cash provided by (used in) investing activities		(53,082)	(21,769)
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		45,323	16,320
<i>Outflows:</i>			
Lease payments	CF-2	(494)	(610)
Net cash provided by (used in) financing activities		44,829	15,710
Net increase / (decrease) in cash and cash equivalents		18,445	2,421
Cash and cash equivalents at the beginning of the financial year		13,110	10,689
Cash and cash equivalents at the end of the financial year	C1-1	31,555	13,110

The accompanying notes form part of these statements.

Cairns and Hinterland Hospital and Health Service
Statement of Cash Flows
For the year ended 30 June 2023

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2023 \$'000	2022 \$'000
Operating result for the year	(9,924)	(1,010)
Non-cash items included in operating result:		
Depreciation and amortisation expense	66,100	62,261
Equity funding for depreciation and amortisation	(66,100)	(62,261)
Net loss on disposal of non-current assets	331	402
Asset stocktake write on	(10)	-
Donated assets received	-	(531)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(4,444)	(4,861)
(Increase)/decrease in GST receivables	(946)	66
(Increase)/decrease in inventories	(227)	2,603
(Increase)/decrease in prepayments	777	237
Increase/(decrease) in payables	22,757	11,053
Increase/(decrease) in accrued employee benefits	19,313	(282)
Increase/(decrease) in contract liabilities and unearned revenue	(929)	803
Net cash from operating activities	26,698	8,480

CF-2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Non-cash changes				Cash flows		Closing balance 2023 \$'000
	Opening balance 2023 \$'000	Transfers to/(from) other Queensland Government entities \$'000	New leases acquired \$'000	*Other \$'000	Cash received \$'000	Cash repayments \$'000	
Lease liabilities	1,249	-	138	(205)	-	(494)	688
Total	1,249	-	138	(205)	-	(494)	688

	Non-cash changes				Cash flows		Closing balance 2022 \$'000
	Opening balance 2022 \$'000	Transfers to/(from) other Queensland Government entities \$'000	New leases acquired \$'000	Other \$'000	Cash received \$'000	Cash repayments \$'000	
Lease liabilities	1,735	-	124	-	-	(610)	1,249
Total	1,735	-	124	-	-	(610)	1,249

Assets and liabilities received or transferred by CHHHS through equity adjustments are set out in the Statement of Changes in Equity.

*Other non-cash changes in 2022-23 relate to the remeasurement of the lease liability following a change in lease term.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

PREPARATION INFORMATION

GENERAL INFORMATION

These financial statements cover the Cairns and Hinterland Hospital and Health Service (CHHHS) as an individual entity.

CHHHS is a not-for-profit statutory body established under the *Hospital and Health Boards Act 2011* and is domiciled in Australia.

CHHHS is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of CHHHS is:

Cairns Hospital
165 – 171 The Esplanade
Cairns QLD 4870

For more information in relation to the CHHHS financial statements, email CHHHS_Board@health.qld.gov.au or visit the website at www.health.qld.gov.au/cairns_hinterland/.

COMPLIANCE WITH PRESCRIBED REQUIREMENTS

CHHHS 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. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the period beginning 1 July 2022, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, as CHHHS is a not-for-profit statutory body it has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

PRESENTATION

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000.

There were no material restatements of comparative information required to ensure consistency with current period disclosures.

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chair of CHHHS, and the Chief Executive at the date of signing the Management Certificate.

BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- Land, land improvements and buildings which are measured at fair value;
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value; and
- Inventories which are measured at the weighted average cost, adjusted for obsolescence.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The *income approach* converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

BASIS OF MEASUREMENT (continued)

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION A

HOW WE OPERATE – OUR OBJECTIVES AND ACTIVITIES

A1 OBJECTIVES OF CHHHS

CHHHS is responsible for providing primary health, community and public health services in the area assigned under the *Hospital and Health Boards Regulation 2012*.

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

A1-1 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

A2 CONTROLLED ENTITIES

The Hospital and Health Service has no wholly-owned controlled entities or indirectly controlled entities.

A3 INVESTMENT IN PRIMARY HEALTH NETWORK

North Queensland Primary Health Network Limited (NQPHNL) was established as a public company limited by guarantee on 21 May 2015. Cairns and Hinterland Hospital and Health Service is one of eleven members along with Mackay Hospital and Health Service, Townsville Hospital and Health Service, Torres and Cape Hospital and Health Service, the Pharmacy Guild of Australia, the Australian College of Rural and Remote Medicine, the Northern Aboriginal and Torres Strait Islander Health Alliance, the Australian Primary Healthcare Nurses Association, the Council on the Ageing, CheckUp and the Queensland Alliance for Mental Health, with each member holding one voting right in the company.

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

As each member has the same voting entitlement, it is considered that none of the individual members has power over NQPHNL (as defined by AASB 10 *Consolidated Financial Statements*) and therefore none of the members individually control NQPHNL. CHHHS currently has 9.09% of the voting power of the NQPHNL – below the 20% at which it is presumed to have significant influence (in accordance with AASB 128 *Investments in Associates and Joint Ventures*). This is supported by the fact that each other member also has 9.09% voting power, limiting the extent of any influence that CHHHS may have over NQPHNL.

Each member's liability to NQPHNL is limited to \$10. NQPHNL is legally prevented from paying dividends to its members and its constitution also prevents any income or property of the NQPHNL being transferred directly or indirectly to or amongst the members. As NQPHNL is not controlled by CHHHS and is not considered a joint operation or an associate of CHHHS, financial results of NQPHNL are not required to be disclosed in these statements.

A4 INVESTMENT IN TROPICAL AUSTRALIA ACADEMIC HEALTH CENTRE

Tropical Australia Academic Health Centre (TAAHCL) registered as a public company limited by guarantee on 3 June 2019. Cairns and Hinterland Hospital and Health Service is one of seven founding members along with Mackay Hospital and Health Service, North West Hospital and Health Service, Torres and Cape Hospital and Health Service, Townsville Hospital and Health Service, North Queensland Primary Health Network and James Cook University. Each founding member holds two voting rights in the Company and is entitled to appoint two directors.

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

As each member has the same voting entitlement (14.3%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*). Each member's liability to TAAHCL is limited to \$10. TAAHCL's constitution prevents any income or property of the company being transferred directly or indirectly to or amongst the members. Each member must pay annual membership fees as determined by the board of TAAHCL.

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

A5 COLLABORATION IN BETTER HEALTH NQ ALLIANCE

Better Health NQ Alliance (BHNQA) is a collaboration between Cairns and Hinterland Hospital and Health Service, Mackay Hospital and Health Service, North West Hospital and Health Service, Torres and Cape Hospital and Health Service, Townsville Hospital and Health Service, North Queensland Primary Health Network, Western Queensland Primary Health Network, Queensland Aboriginal and Island Health Council and the Department of Health.

The principal function of the BHNQA is to improve the health outcomes of North Queensland residents by undertaking a collective approach to planning, designing, alliancing and commissioning of health services.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

A6 ECONOMIC DEPENDENCY

CHHHS 's primary source of income is from the DoH for the provision of public hospital, health and other services in accordance with a service agreement with the DoH, (refer to Note B1-1). The current service agreement covers the period 1 July 2022 to 30 June 2025. CHHHS '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. CHHHS has an agreed and approved balanced budget operating position with the DoH for 2022-23 financial year onwards, which will ensure availability of cash to pay ongoing day-to-day operational expenditure.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION B

NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 USER CHARGES AND FEES

	2023 \$'000	2022 \$'000
Revenue from contracts with customers		
Pharmaceutical Benefits Scheme subsidy	57,571	46,685
Hospital fees	41,279	33,201
Other user charges and fees		
Rental income	51	6
Other	9,941	6,199
Total	108,842	86,091

B1-2 FUNDING FOR PUBLIC HEALTH SERVICES

	Share of Funding <i>Australian Government</i>		2023	2022
	<i>State</i>	<i>Government</i>		
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers				
Activity based funding	470,257	345,372	815,629	772,761
Other funding for public health services				
Activity based funding				
Block funding	89,515	39,738	129,253	132,129
Teacher training funding	20,486	5,368	25,854	24,732
General purpose funding	172,467	5,631	178,098	162,930
Total			1,148,834	1,092,552

Accounting Policy – User charges and fees and funding for public health services

Funding is provided predominantly from the DoH for specific public health services purchased by the Department in accordance with a service agreement. The Australian Government pays its share of National Health funding directly to the DoH, for on forwarding to the Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by CHHHS. Cash funding from the DoH is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue as the performance obligations under the service level agreement are discharged. Commonwealth funding to CHHHS in 2023 was \$396M (2022: \$393M).

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

Other funding for public services includes block funding, which is typically applied for small public hospitals where the technical requirements for applying ABF are not satisfied and there is an absence of economies of scale that mean some services would not be financially viable under ABF. It is recognised that the public hospital system has a significant role in educating and training the clinical workforce. The teacher training funding is a consistent state-wide methodology that is applied and provided as a block grant annually. This methodology considers the differences in the extent to which activity based funded hospitals provide clinical education and training, and to incentivise facilities to build this capacity. General purpose funding consists of agreed funding for various programmes for public health services.

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

Revenue from contracts with customers is recognised when CHHHS transfers control over a good or service to the customer or third-party beneficiary. Revenue from hospital fees and the sales of services is comprised of private healthcare services, research and training services respectively.

Services are provided over time, with customers simultaneously receiving and consuming the benefits provided during that period. CHHHS does not invoice for services rendered until the end of the service delivery period and recognises revenue progressively as the services are provided each month and a contract asset representing its right to consideration for services delivered but not yet billed.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

B1-2 FUNDING FOR PUBLIC HEALTH SERVICES (continued)

Revenue from sales of goods and the pharmaceutical benefit scheme subsidy comprises the sale of retail and pharmacy products and is recognised on transfer of the goods to the customer, which is the sole performance obligation.

Hospital fees mainly consist of private patient hospital fees, interstate patient revenue and Department of Veterans' Affairs revenue.

Revenue recognition for other user charges and fees is based on either invoicing for related goods, services and/or the recognition of accrued revenue based on the volumes of goods and services delivered.

B1-3 GRANTS AND OTHER CONTRIBUTIONS

	2023 \$'000	2022 \$'000
Revenue from contracts with customers		
Australian Government - Specific purpose payments	5,684	5,601
Other grants	490	365
Other grants and contributions		
Australian Government - Nursing home grants	2,882	2,659
Australian Government - Specific purpose - capital grants	388	98
Australian Government - Specific purpose payments	2,975	2,886
Donations other	1,085	386
Donations non-current physical assets	-	530
Other grants	624	803
Total	14,128	13,328

Accounting Policy – Grants and other contributions

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

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

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

Contributed assets are recognised at their fair value. 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. Where this is the case, an equal amount is recognised as revenue and an expense.

CHHHS receives corporate services support from the DoH at no cost. Corporate services received include payroll services, accounts payable services, finance transactional services, taxation services, procurement services and information technology services. The value associated with these services for the financial year amounted to \$9.08M (2022: \$9.5M) which, has not been accounted for in these financial statements as it is not considered material by CHHHS and as such has not been disclosed as revenue and an associated expense.

B1-4 OTHER REVENUE

	2023 \$'000	2022 \$'000
Sale proceeds for assets	213	105
Licences and registration charges	61	56
Recoveries from other agencies and other hospital and health services	10,197	10,226
Other revenue	1,627	1,615
Total	12,098	12,002

Accounting Policy – Other revenue

Other revenue primarily reflects recoveries of payments for contracted staff from third parties such as universities and other government agencies and travel and inventory management services provided on behalf of other hospital and health services.

Revenue is recognised on a gross basis at cost (i.e. no margin attached) when or as the good or service is transferred to the other entity under AASB 15 *Revenue from Contracts with Customers*.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2023 \$'000	2022 \$'000
Employee benefits		
Wages and salaries	112,163	111,525
Annual leave levy	21,339	8,441
Employer superannuation contributions	10,581	9,628
Long service leave levy	3,057	2,912
Employee related expenses		
Workers' compensation premium	272	293
Total	147,412	132,799

Full-time equivalent

	As at 30 June 2023	As at 30 June 2022
Number of employees*	251	259
Number of health service employees*	5,579	5,198
Total full-time equivalent	5,830	5,457

* The number of employees include full-time and part-time employees measured on a Queensland Health Full Time Equivalent (QHFTE) basis. The number of employees does not include the Chair or the Deputy Chair of the Board or the Board members.

Accounting Policy – Employee expenses

Employee expenses include the health executives and directors. Health executives are directly engaged in the service of CHHHS in accordance with section 70 of the *Hospital and Health Boards Act 2011* (HHBA). The basis of employment for health executives is in accordance with section 74 of the HHBA.

Employee expenses also include senior medical officers who entered individual contracts since commencing August 2014.

The information detailed below relates specifically to these directly engaged employees only.

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

The HHS pays a premium to Workcover Queensland in respect of its obligations for employee compensation.

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.

Wages, salaries and sick leave

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

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

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual and long service leave

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, levies are payable to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. No provision for annual leave and long service leave is recognised in CHHHS's financial statements as a liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. These levies are expensed in the period in which they are paid or payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears.

Pandemic Leave

An additional 2 days of leave was granted to all non-executive employees of the DoH and HHS's in November 2020 based on set eligibility criteria as recognition of the effects of the COVID-19 pandemic on staff wellbeing. Originally the leave was to be taken within 2 years or eligibility was lost. The end date of this eligibility has been extended to 30 June 2023. The entire value of the leave was paid by CHHHS to the DoH in advance. The leave is expensed in the period in which it is taken and any remaining expired amount was reimbursed back by the DoH to CHHHS as at 30 June 2023.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

B2-1 EMPLOYEE EXPENSES (continued)

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or become payable following completion of the employee's service each period and the CHHHS's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Board members and Visiting Medical Officers are offered a choice of superannuation funds and CHHHS pays superannuation contributions into a complying superannuation fund. Contributions are expensed in the period in which they are paid or payable. CHHHS obligation is limited to its contribution to the superannuation fund. Therefore no liability is recognised for accruing superannuation benefits in CHHHS financial statements.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with FRR 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note G1 for the disclosures on key executive management personnel and remuneration.

B2-2 HEALTH SERVICE EMPLOYEE EXPENSES

	2023 \$'000	2022 \$'000
Health service employee expenses*	758,814	699,659
Health service employee related expenses	5,810	5,872
Other health service employee related expenses	8,405	7,371
Total	773,029	712,902

*The health service employee related expenses include an allocation of the HHS's compensation insurance premium total of \$6.05M.

Accounting Policy – Health service employee expenses

Health service employee expenses represent the cost of DoH employees and other contracted staff to CHHHS paid via invoice, to provide public health services.

As established under the *Hospital and Health Boards Act 2011*, the DoH 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. In accordance with the *Hospital and Health Boards Act 2011*, the employees of the DoH are referred to as health service employees. Under this arrangement:

- The DoH provides employees to perform work for CHHHS and acknowledges and accepts its obligations as the employer of these employees
- CHHHS is responsible for the day to day management of these DoH employees
- CHHHS reimburses the DoH for the salaries and on-costs of these employees

CHHHS discloses the reimbursement of these costs as health service employee expenses.

B2-3 SUPPLIES AND SERVICES

	2023 \$'000	2022 \$'000
Clinical supplies and services	71,602	78,239
Drugs	68,612	56,612
Pathology, blood and parts	27,048	29,703
Other	20,220	19,989
Repairs and maintenance	16,966	14,383
Catering and domestic supplies	16,630	15,063
Communications	14,157	13,206
Patient travel	13,215	9,547
Computer services	10,586	8,743
Electricity and other energy	8,829	8,554
Rental expenses*	7,461	8,743
Other travel	4,148	3,747
Minor works including plant and equipment	2,960	2,428
Building services	1,823	1,748
Agency fees	1,014	883
Consultancies	866	308
Motor Vehicles	761	796
Total	286,898	272,692

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

B2-3 SUPPLIES AND SERVICES (continued)

*Rental Expenses for 2022-23 includes the access license costs for Oregon Street Sub-Acute Care facility and 120 Bunda Street for Mental health Services. A right of use asset and lease liability is expected to be recognised for both properties once a lease agreement has been fully executed. Refer to Note C7-1 for the breakdown of expenses and other lease disclosures.

B2-4 IMPAIRMENT LOSSES

	2023	2022
	\$'000	\$'000
Impairment losses on receivables	(160)	234
Bad debts written off	2,569	1,672
Total	2,409	1,906

B2-5 OTHER EXPENSES

	2023	2022
	\$'000	\$'000
External audit fees*	209	215
Insurance premiums - QGIF	10,606	9,793
Insurance premiums - Other	117	245
Net losses from the disposal of non-current assets	331	402
Special payments - ex-gratia payments	2	1
Legal costs	456	136
Advertising	455	752
Interpreter fees	303	235
Right-of-use assets	8	14
Other	5,551	10,643
Total	18,038	22,436

*Total audit fees paid to the Queensland Audit Office relating to the 2022-23 financial year are estimated to be \$0.2M (2022: \$0.2M) including out of pocket expenses. There are no non-audit services included in this amount.

Accounting Policy – Insurance

CHHHS is covered by the DoH insurance policy with Queensland Government Insurance Fund (QGIF) and pays a fee to the DoH as a fee for service arrangement.

QGIF covers property and general losses above a \$10,000 threshold and health litigation payments above a \$20,000 threshold and associated legal fees. Premiums are calculated by QGIF on a risk assessment basis.

Accounting Policy – Special payments – Ex-gratia payments

Special payments include ex-gratia expenditure and other expenditure that CHHHS is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2019*, CHHHS maintains a register setting out details of all special payments exceeding \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within this note. However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000 of which there were none.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION C

NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

C1-1 CASH AND CASH EQUIVALENTS

	2023	2022
	\$'000	\$'000
Cash at bank and on hand	30,501	12,159
Call deposits	1,054	951
Cash and cash equivalents	31,555	13,110
Cash and cash equivalents in the Statement of Cash Flows	31,555	13,110

Cash deposited at call with Queensland Treasury Corporation earns interest, calculated on a daily basis reflecting market movements in cash funds. Rates achieved throughout the year range between 1.92% to 4.17%.

Accounting Policy – Cash and cash equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked as at 30 June 2023 as well as deposits at call with financial institutions.

In accordance with section 31(2) of the *Statutory Bodies Financial Arrangements Act 1982*, CHHHS obtained approval by Queensland Treasury for a bank overdraft facility on its main operating bank account. This arrangement is forming part of the whole-of-government banking arrangements with the Commonwealth Bank of Australia and allows CHHHS access to the whole-of-government debit facility up to its approved limit.

C2 RECEIVABLES

C2-1 RECEIVABLES

	2023	2022
	\$'000	\$'000
Current		
Trade debtors*	34,609	30,325
Less: Loss allowance	(1,378)	(1,538)
	33,231	28,787
GST input tax credits receivables	2,853	1,870
GST payable	(119)	(82)
	2,734	1,788
Payroll receivables	3	2
Sundry debtors	497	498
Total	36,465	31,075

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery. Trade receivables are generally settled within 120 days from invoice date. The collectability of receivables is assessed periodically with provision being made for expected credit losses. All known bad debts are written off when identified.

*Trade debtor balance includes invoices to DoH and other hospital and health services of \$20.7M.

The closing balance of receivables arising from debtors, excluding DoH and other hospital and health services, as at 30 June 2023 is \$8.4M (30 June 2022: \$8.3M).

Accounting Policy – Impairment of Receivables

The loss allowance for trade debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information, including forecast economic change expected to impact CHHHS's debtors, along with relevant industry and statistical data.

CHHHS's other receivables are from Queensland Government agencies or Australian Government Agencies. No loss allowance is recorded for these receivables on the basis of materiality refer to Note D1-3 for CHHHS's credit risk management policies.

Where CHHHS has no reasonable expectation of recovering an amount owed by a debtor, the debt is written off by directly reducing the receivables against the loss allowance. Generally this occurs when the debt is over 120 plus days past due when CHHHS has ceased enforcement activity.

The amount of impairment losses recognised for receivables is disclosed in Note B2-4.

No additional impairment of receivables occurred specifically due to the impact of COVID-19.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C2-1 RECEIVABLES (continued)

Disclosure – Credit risk exposure of receivables

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

CHHHS uses a provision matrix to measure the expected credit losses on trade debtors which include patient accounts and other billable services. CHHHS has used a historical impairment calculation based on type of revenue, type of customer and debt collection protocol. The previous credit risk exposure reflected historical observed losses on trade debtors experienced from the assessment that was conducted for the period from 1 November 2020 to 31 October 2021. In 2022-23, a further assessment was completed as an annual exercise, for the period of 1 November 2021 to 31 October 2022, to determine if CHHHS loss rate was appropriate. As a result of the assessment, a change in loss rate was adopted from 31 March 2023 from 21.22% to 18.36%.

Set out below is the credit risk exposure on CHHHS's trade debtors other than the DoH and other HHS debtors broken down by ageing band

Ageing	2023			2022		
	Trade Debtors \$'000	Loss Rate %	Expected Credit Losses \$'000	Trade Debtors \$'000	Loss Rate %	Expected Credit Losses \$'000
Current	2,620	0.26%	20	2,944	0.14%	10
30 to 60 Days	1,411	0.83%	64	1,250	1.05%	79
61 to 90 Days	771	1.08%	84	696	1.37%	104
91 to 120 Days	654	0.12%	9	489	0.02%	2
Greater than 121 Days	2,366	16.07%	1,201	2,187	18.65%	1,343
Total	7,822		1,378	7,566		1,538

Accounting Policy - Taxation

CHHHS 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 taxes accounted for by CHHHS.

The Australian Taxation Office (ATO) has recognised the DoH and the sixteen Queensland hospital and health services as a single taxation entity for reporting purposes. All FBT and GST reporting to the Commonwealth is managed centrally by the DoH, with payments/receipts made on behalf of CHHHS reimbursed to/from the DoH on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis.

C3 INVENTORIES

C3-1 INVENTORIES

	2023 \$'000	2022 \$'000
Inventories held for distribution		
Drugs	4,646	4,404
Clinical supplies and services	19	33
Catering and domestic supplies	6	7
Total	4,671	4,444

Accounting Policy – Inventories

Inventories consist mainly of clinical supplies and pharmaceuticals held for distribution in hospital and health service facilities. Inventories are measured at weighted average cost, adjusted for obsolescence. These supplies are expensed once issued from CHHHS.

C4 OTHER ASSETS

C4-1 OTHER ASSETS

	2023 \$'000	2022 \$'000
Current		
Prepayments	3,606	4,383
Total current	3,606	4,383
Total	3,606	4,383

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

C5-1 PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	\$'000	\$'000
Land: at fair value		
Gross	50,628	48,010
Buildings: at fair value		
Gross	1,603,004	1,345,163
Less: Accumulated depreciation	(613,237)	(513,128)
	989,767	832,035
Plant and equipment: at cost		
Gross	154,181	126,549
Less: Accumulated depreciation	(82,346)	(77,729)
	71,835	48,820
Heritage and cultural: at cost		
Gross	14	14
	14	14
Capital works in progress		
At cost	23,576	12,536
Total	1,135,820	941,415

Accounting Policy - Property, plant and equipment

Recognition thresholds

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

Class	Threshold
Buildings*	\$10,000
Land	\$1
Plant and equipment	\$5,000

*Land improvements undertaken by CHHHS are included with buildings.

Revaluations of non-current physical assets

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAPS). These assets are reported at their revalued amounts.

Plant and equipment is measured at amortised cost in accordance with the NCAPS. The carrying amounts for plant and equipment should not materially differ from their fair value.

Land and buildings are measured at fair value each year using comprehensive valuations, market valuations or indexation. Independent valuations are performed with sufficient regularity to ensure assets are carried at fair value.

In accordance with the NCAPS, comprehensive revaluations occur every three to five years. In the off cycle years indexation is applied where there is no evidence of significant market fluctuations in land and building prices.

Construction of major health infrastructure is managed by the DoH. Upon practical completion of a project, assets under construction are assessed at fair value by the DoH through the engagement of an independent valuer prior to the transfer of those assets to CHHHS, effected via an equity adjustment.

Fair value measurement

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

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

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C5-1 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

None of CHHHS valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy. CHHHS has one land asset categorised into level 3 of the fair value hierarchy, due to the lack of comparable sales evidence. All other land assets are categorised into level 2 of the fair value hierarchy. All of CHHHS's building assets are categorised into level 3 of the fair value hierarchy.

Land

The fair value of land is determined using market based evidence taking into account trends and sales information for each land use category, the land's best use and zoning under the relevant planning scheme, and the physical attributes and constraints on use of the land. In respect to 165 Esplanade, Cairns, a high-level hypothetical development model has been utilised as a secondary valuation approach due to the lack of comparable sales evidence.

In 2022-23 CHHHS engaged State Valuation Services, to undertake the indexation valuations on land as at 30 June 2023.

The revaluation program for 2022-23 resulted in a net increment of \$2.6M to the carrying value of land.

Buildings

In 2022-23 CHHHS engaged GRC Quantity Surveyors, to conduct a mixture of both comprehensive and indexation valuations on CHHHS's building assets as at 30 June 2023.

For the indexation valuations, the provided building indices are a series of construction industry index figures that are used to monitor the movement in costs associated with building work within particular segments of the industry.

For the comprehensive valuations, due to the specialised nature of health service buildings and on hospital-site residential facilities, fair value is determined using current replacement cost methodology, due to there not being an active market for such facilities. The replacement cost estimates are reflective of the anticipated sum that might be expected from an informed transaction between knowing parties at current market conditions as at the measurement date. The methodology applied by the valuer is a financial simulation in lieu of a market based measurement as these assets cannot be bought and sold on the open market.

The replacement cost estimate of each building was prepared from the most current available plans and elevations, together with available schedules and specifications, and information collected from site surveys. The valuer applied a combination of pricing methodologies, all of which were adjusted to reflect the anticipated construction market as at the effective reporting date. Detailed estimates were used to determine the cost of replacing the existing assets with a modern equivalent, taking into account the specific site conditions identified from the site surveys. The replacement cost estimates were benchmarked against a locality index and building price index.

The following key assumptions were made when determining the replacement cost estimate of each building:

- The present use was considered to represent highest and best use;
- The market rates applied were based on tier 1 or tier 2 contractors delivering the replacement equivalent, and having reasonable experience in the design and delivery of hospital and health facilities;
- The documents including site plans and drawings provided by CHHHS to the valuer were accurate. (Where possible, the valuer verified this information as part of their site inspections);
- Rates for the project on-costs such as professional fees, statutory charges, contingencies etc are reflective of current market rates;
- The rate of physical wear and tear continues at a normal rate and not affected by natural disasters or extreme events;
- A planned maintenance program continues to be implemented, as was evident in the site surveys and inspections; and
- The replacement equivalent incorporates technical or commercial obsolescence in building services. The inclusions have been limited to current building technologies not for cutting edge systems that are new to the market and are not widely incorporated into new building works.

The revaluation program for 2022-23 resulted in a net increment of \$144.8M to the carrying amount of buildings.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C5-1 PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting Policy – Depreciation of property, plant and equipment

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

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

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

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.

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

Class	Rate
Buildings	2.5% - 20.0%
Plant and equipment	5.0% - 33.3%

The standard life of a health facility is generally 20 to 40 years and is adjusted for those assets in extreme climatic conditions that have historically shorter lives.

Estimates of remaining life are based on the assumption that the asset remains in its current function and will be maintained. No allowance has been provided for significant refurbishment works in the estimate of remaining life as any refurbishment should extend the life of the asset. Buildings have been valued on the basis that there is no residual value. Existing condition of the building is also taken into account when assessing the remaining useful life of the assets. Property, Plant and equipment is depreciated on a straight line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to CHHHS.

Accounting Policy – Impairment of non-current assets

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

Revaluation increments are credited to the asset revaluation surplus of the appropriate class, except to the extent they reverse 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.

A review is conducted annually in order to isolate indicators of impairment in accordance with AASB 136 *Impairment of Assets*. If an indicator of impairment exists, CHHHS determines the asset's recoverable amount (the higher of value in use or fair value less costs of disposal). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss.

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

C5-2 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Land**		Buildings Level 3	Plant and equipment \$'000	Heritage and cultural assets \$'000	Work in progress \$'000	Total \$'000
	Level 2 \$'000	Level 3 \$'000					
Carrying amount at 1 July 2022	30,810	17,200	832,035	48,820	14	12,536	941,415
Acquisitions	-	-	983	34,630	-	17,469	53,082
Transfers in / (out) from other Queensland Government entities***	-	-	59,512	317	-	-	59,829
Asset stocktake write on	-	-	-	10	-	-	10
Disposals	-	-	-	(331)	-	-	(331)
Transfers between asset classes	-	-	6,429	-	-	(6,429)	-
Net revaluation increments	1,643	975	144,796	-	-	-	147,414
Depreciation	-	-	(53,988)	(11,611)	-	-	(65,599)
Carrying amount at 30 June 2023	32,453	18,175	989,767	71,835	14	23,576	1,135,820

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C5-2 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT (CONTINUED)

	Land**		Buildings	Plant and equipment	Heritage and cultural assets	Work in progress	Total
	Level 2	Level 3	Level 3				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	42,258	-	773,615	52,163	14	4,404	872,454
Acquisitions	-	-	1,128	5,736	-	14,905	21,769
Transfers in / (out) from other Queensland Government entities***	-	-	403	1,256	-	-	1,659
Donations received	-	-	-	530	-	-	530
Disposals	-	-	-	(402)	-	-	(402)
Transfers out to other Queensland Government entities	-	-	-	(289)	-	-	(289)
Transfers between asset classes	(17,200)	17,200	6,773	-	-	(6,773)	-
Net revaluation increments	5,752	-	101,460	-	-	-	107,212
Depreciation	-	-	(51,344)	(10,174)	-	-	(61,518)
Carrying amount at 30 June 2022	30,810	17,200	832,035	48,820	14	12,536	941,415

** Land level 2 assets represent land valued using observable inputs whereas level 3 is substantially derived from unobservable inputs. In 2021-22, CHHHS reclassified one land asset previously reported as level 2 to level 3, due to the lack of comparable sales evidence.

*** Net assets transferred pursuant to the *Hospital and Health Boards Act 2011* to CHHHS from the DoH and other Hospital and Health Services. In 2022-23, CHHHS accepted \$59.5M against the building asset class from the DoH related to the practical completion of the Atherton Hospital redevelopment stage 2.

C6 INTANGIBLES

C6-1 INTANGIBLE ASSETS

	2023	2022
	\$'000	\$'000
Software purchased: at cost		
Gross	1,963	1,963
Less: Accumulated depreciation	(1,958)	(1,947)
Total	5	16

C6-2 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Software purchased	Total
	\$'000	\$'000
Carrying amount at 1 July 2022	16	16
Amortisation	(11)	(11)
Carrying amount at 30 June 2023	5	5
	Software purchased	Total
	\$'000	\$'000
Carrying amount at 1 July 2021	27	27
Amortisation	(11)	(11)
Carrying amount at 30 June 2022	16	16

Accounting Policy - Intangible assets

Actual cost is used for the initial recording of all intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred. Items or components that form an integral part of an asset are recognised as a single (functional) asset. Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated amortisation. Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at the date of acquisition in accordance with AASB 138 *Intangible Assets*. Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the Statement of Financial Position. Items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life to CHHHS.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C6-1 INTANGIBLE ASSETS (continued)

It has been determined that there is not an active market for any of CHHHS intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

C7-1 LEASES AS A LESSEE

Right-of-use assets

	Property, Plant and Equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2022	1,239	1,239
Additions	138	138
Depreciation	(490)	(490)
Other (change in lease term)	(205)	(205)
Carrying amount at 30 June 2023	682	682

	Property, Plant and Equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2021	1,847	1,847
Additions	124	124
Depreciation	(732)	(732)
Carrying amount at 30 June 2022	1,239	1,239

	2023	2022
	\$'000	\$'000
Current		
Lease liabilities	286	409
Total current	286	409
Non-Current		
Lease liabilities	402	840
Total non-current	402	840
Total	688	1,249

Accounting policies – Leases as lessee

Right-of-use assets

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

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

Right-of-use assets are subsequently depreciated over the lease term and are subject to impairment testing on an annual basis. The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates of a change in lease term.

CHHHS 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.

CHHHS 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, CHHHS allocates the contractual payments to each component on the basis of their stand-alone prices.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C7-1 LEASES AS A LESSEE (continued)

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 CHHHS is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

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

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

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

Disclosures – Leases as a lessee

(i) Details of leasing arrangements as lessee

Category/Class of Lease Arrangement	Description of Arrangement
Plant and equipment leases	<p>CHHHS routinely enters into leases for plant and equipment including medical equipment, office equipment, IT and pharmacy dispensing equipment.</p> <p>The majority of these leases are short-term leases or leases of low value assets. Lease terms for plant and equipment leases that are recognised on balance sheet can range from 1 to 10 years.</p> <p>A small number of leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless CHHHS is reasonably certain it will renew the lease.</p>
Building leases	<p>CHHHS has entered into a small number of leases for employee housing outside of the agreement with the Department of Energy and Public Works (DEPW).</p> <p>Due to the value, term and likelihood of renewal or extension options, these leases have been recognised in CHHHS's right-of-use assets and lease liabilities.</p>

(ii) Office accommodation, employee housing and motor vehicles

The Department of Energy and Public Works (DEPW) provides CHHHS 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 DEPW has substantive substitution rights over the assets. The related service expenses are included in Note B2-3 under Rental expenses.

(iii) Amounts recognised in profit or loss

	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	8	14
Expenses relating to short-term and low value leases	7,118	7,781
Expenses relating to other leases	343	1,080
Total cash outflow for leases	7,469	8,875

*Rental Expenses for 2022-23 includes the access license costs for Oregon Street Sub-Acute Care facility and 120 Bunda Street for Mental Health Services. A right of use asset and lease liability is expected to be recognised for both properties once a lease agreement has been fully executed.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C8 PAYABLES

C8-1 PAYABLES

	2023	2022
	\$'000	\$'000
Current		
Trade creditors	2,527	1,091
Accrued expenses	19,131	19,106
Department of Health payables*	79,049	57,753
Total	100,707	77,950

* Department of Health payables consists of outstanding payments relating to payroll of \$61.7M (2022: \$49.1M), paid in July 2023, and funding payable back to the DoH of \$17.3M (2022: \$8.6M), in 2023-24.

Accounting Policy – Payables

Trade creditors and accrued expenses are recognised upon receipt of the goods or services ordered (and irrespective of having been invoiced) and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and generally settled on 30 day terms.

C9 ACCRUED EMPLOYEE BENEFITS

C9-1 ACCRUED EMPLOYEE BENEFITS

	2023	2022
	\$'000	\$'000
Salaries and wages accrued	19,630	117
Other employee entitlements payable	78	278
Total	19,708	395

Accounting Policy – Accrued Employee Benefits

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

C10 OTHER LIABILITIES

C10-1 OTHER LIABILITIES

	2023	2022
	\$'000	\$'000
Current		
Contract Liabilities	897	1,826
Total current	897	1,826
Total	897	1,826

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

C11 EQUITY

C11-1 ASSET REVALUATION SURPLUS BY CLASS

	2023	2022
	\$'000	\$'000
Land		
Balance at the beginning of the financial year	17,811	12,060
Revaluation (decrement)/increment	<u>2,618</u>	<u>5,751</u>
Balance at the end of the financial year	<u>20,429</u>	<u>17,811</u>
Buildings		
Balance at the beginning of the financial year	422,564	321,103
Revaluation (decrement)/increment	<u>144,796</u>	<u>101,461</u>
Balance at the end of the financial year	<u>567,360</u>	<u>422,564</u>
Total	<u>587,789</u>	<u>440,375</u>

Accounting Policy - Asset revaluation surplus

The asset revaluation surplus represents the net effects of revaluation movements of assets to fair value.

Accounting Policy – Contributed Equity

Transactions with owners as owners include equity injections for non-current asset acquisitions and non-cash equity withdrawals to offset non-cash depreciation funding received under the Service Level Agreement with the DoH.

C11-2 ACCUMULATED SURPLUS/(DEFICIT)

CHHHS is reporting an accumulated deficit carried forward from prior financial years of \$66.6M.

Set out below are CHHHS's operating profit and losses from previous financial years attributing to the carried forward accumulated deficit.

	Operating profit / (loss)	Contributed Equity	Accumulated surplus / (deficit)
Financial year	\$'000	\$'000	\$'000
2015-16	(20,000)	-	(5,908)
2016-17	(32,069)	-	(37,977)
2017-18	(19,634)	-	(57,611)
2018-19	(9,058)	-	(66,669)
2019-20	55	(55)	(66,669)
2020-21	28	-	(66,641)
2021-22	(1,010)	55	(67,596)
2022-23	(9,924)		(77,520)

In June 2017, the then Director-General, the then Minister for Health and Ambulance Services and CHHHS agreed upon a three year financial recovery plan, committing CHHHS to returning to an operating surplus in 2019-20 following a sustained ongoing deficit reduction, for the DoH to underwrite deficits in order to maintain liquidity, and that there would be no requirement for historic retained deficits to be repaid, \$66.7M.

Following a return to an operating surplus in 2019-20, CHHHS would then be in a position to deploy and maintain future retained surpluses and deficits, in accordance with internal governance processes. At 30 June 2020 the historic retained deficits totalled \$66.7M

For the year ended 30 June 2023, CHHHS has reported an operating deficit of \$9.9M (2022: \$1.0M), bringing the retained deficit since 1 July 2021 to \$77.5M.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION D

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK MANAGEMENT

CHHHS holds the following financial instruments by category:

Category	Note	2023 \$'000	2022 \$'000
Financial assets			
Cash and cash equivalents	C1-1	31,555	13,110
Financial assets at amortised cost:			
Receivables	C2-1	36,465	31,075
Total		68,020	44,185
Financial liabilities			
Payables	C8-1	100,707	77,950
Lease liabilities	C7-1	688	1,249
Total		101,395	79,199

CHHHS is exposed to a variety of financial risks – liquidity risk, market risk and credit risk.

D1-1 LIQUIDITY RISK

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

The CHHHS is exposed to liquidity risk through its trading in the normal course of business. CHHHS aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times.

Under the whole-of-government banking arrangements, CHHHS has an approved working debt facility of \$13.5M to manage any short term-cash shortfalls, and can seek assistance from the DoH for short term cash advances on funding, usually less than twelve months to repay.

Due to the short-term nature (less than 12 months) of the current payables, their carrying amount is assumed to approximate the total contractual cash flow.

D1-2 MARKET RISK

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

CHHHS does not trade in foreign currency and is not materially exposed to commodity price changes. CHHHS has minimal interest rate exposure on the call deposits, however there is no such risk on its cash deposits. CHHHS does not undertake any hedging in relation to interest rate risk.

CHHHS is exposed to interest rate risk on its cash deposited in interest bearing accounts with Queensland Treasury Corporation.

Changes in interest rate have minimal effect on the operating result of CHHHS.

D1-3 CREDIT RISK

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

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

CHHHS reflects a loss allowance for receivables measured at lifetime expected credit losses. The exception is receivables from Queensland Government agencies or Australian Government Agencies. No loss allowance is recorded for these receivables on the basis of materiality, as these are considered to have no risk to CHHHS.

There are no significant concentrations of credit risk.

Overall credit risk for CHHHS is considered minimal.

Ageing of receivables is disclosed in the following tables:

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

D1-3 CREDIT RISK (continued)

	Not Past Due	Past Due	61 - 90 days	More than 90 days	Total
	Less than 30 days	30 - 60 days			
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Receivables	30,663	1,900	813	3,089	36,465
Total	30,663	1,900	813	3,089	36,465
2022					
Receivables	25,120	2,305	720	2,929	31,074
Total	25,120	2,305	720	2,929	31,074
<i>2023 individually impaired financial assets</i>					
Receivables (gross)	20	64	84	1,210	1,378
Allowance for impairment	(20)	(64)	(84)	(1,210)	(1,378)
Carrying amount	-	-	-	-	-
<i>2022 individually impaired financial assets</i>					
Receivables (gross)	11	80	104	1,343	1,538
Allowance for impairment	(11)	(80)	(104)	(1,343)	(1,538)
Carrying amount	-	-	-	-	-

	2023	2022
	\$'000	\$'000
Movements in the allowance for impairment loss		
Balance at 1 July	1,538	1,303
Amounts written off during the year	(2,569)	(1,672)
Increase in allowance recognised in operating result	2,409	1,907
Total	1,378	1,538

D1-4 RISK MEASUREMENT AND MANAGEMENT STRATEGIES

CHHHS measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method	Risk management strategies
Liquidity Risk	Sensitivity analysis, cash flow analysis	CHHHS manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring CHHHS has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the operating bank account so as to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	CHHHS does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.
Credit risk	Ageing analysis, debt write-off analysis	CHHHS manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that CHHHS invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

D1-5 FAIR VALUE MEASUREMENTS

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

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

D2 CONTINGENCIES

D2-1 LITIGATION IN PROGRESS

As at 30 June 2023, the following cases were filed in the courts naming the State of Queensland acting through CHHS as defendant:

	2023 Number of cases	2022 Number of cases
Supreme Court	8	7
District Court	1	-
Tribunals, commissions and boards	1	3
Total	10	10

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). CHHS liability in this area is limited to an excess per insurance event.

As of 30 June 2023, there were 56 claims (2022: 54 claims) managed by QGIF, some of which may never be litigated or result in payments to claims. Tribunals, commissions and board figures represent the matters that have been referred to QGIF for management. The maximum exposure to CHHS under this policy is up to \$20,000 for each insurable event.

D3 COMMITMENTS

D3-1 EXPENDITURE COMMITMENTS

Material classes of capital expenditure commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2023 \$'000	2022 \$'000
Capital works	19,492	22,027
Repairs and maintenance	3,168	2,484
Total	22,660	24,511
No later than one year	22,660	24,511
Total	22,660	24,511

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION E

NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

E1-1 BUDGETARY REPORTING DISCLOSURES

The COVID-19 pandemic continued to impact on the financial results of the HHS during 2022-23. The HHS has been fully reimbursed on a monthly basis for cost activities associated with managing all aspects of COVID-19 and the vaccination program. Such activities included: the operation of the Health Emergency Operating Centre (HEOC) in the overall management of the pandemic; the cost of transport and compensation for quarantined patients, including bio-security zones; additional testing and diagnostics; essential equipment (PPE); vaccination program and data and IT systems to support the process.

Funding has been provided on a monthly basis, subsequent to an expenditure claim and reconciliation of all COVID-19 cost activities, by both the State and the Commonwealth under the National Partnership Agreement (NPA). As such, COVID-19 related funding was not part of the original budget and this will cause some unusual variances for some line items when compared to the original budget – please see section E2 for further commentary.

The total amount of funding received for COVID-19 under the NPA released to the HHS as at 30 June 2023 was \$7.3M (2022: \$71.4M).

E2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME

	Original Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance % of Budget
Income				
User charges and fees	91,669	108,842	17,173	19%
Funding for public health services	1,067,368	1,148,834	81,466	8%
Grants and other contributions	11,493	14,128	2,635	23%
Interest	12	60	48	400%
Other revenue	8,556	12,098	3,542	41%
Total revenue	1,179,098	1,283,962	104,864	
Total income	1,179,098	1,283,962	104,864	
Expenses				
Employee expenses	(142,120)	(147,412)	(5,292)	4%
Health service employee expenses	(678,937)	(773,029)	(94,092)	14%
Supplies and services	(263,196)	(286,898)	(23,702)	9%
Depreciation and amortisation	(63,528)	(66,100)	(2,572)	4%
Impairment losses	(1,828)	(2,409)	(581)	32%
Other expenses	(29,489)	(18,038)	11,451	(39%)
Total expenses	(1,179,098)	(1,293,886)	(114,788)	
Operating result for the year	-	(9,924)	(9,924)	

EXPLANATION OF MAJOR VARIANCES - STATEMENT OF COMPREHENSIVE INCOME

Major variations between the 2022-23 budget and 2022-23 actual include

<i>User charges and fees</i>	The increase in user charges and fees relates to increased patient activity directly affecting revenue from the pharmaceutical benefit scheme. Other increases relate to outsourced service delivery revenue, specifically the DoH capital reimbursement scheme which occurred due to several significant capital projects being undertaken by CHHHS.
<i>Funding for public health services</i>	The increase in funding for public health services relates to additional funding provided through amendments to the Service Agreement with DoH for the delivery of increased public hospital and health services such as COVID-19 response and increased funding relating to Enterprise Bargaining Agreements (EBA). These activities were not included in the first Window Amendment to the Service Agreement Offer for 2022-23, which formed the budget for 2022-23. Additional funding was provided to CHHHS for EBA with a 4% uplift of funding, along with the impact of the increases in nursing Sunday penalty rates and superannuation guarantee. Along with this, funding was also provided to the HHS to respond to the ongoing COVID-19 pandemic and administering the vaccination program. Other increases can be attributed to specific program funding provided to the HHS that were not known at the time of setting the budget.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

E2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>Grants and other contributions</i>	The variance of \$2.2M is related to \$1.1M received in donations that were not budgeted, minor increases totalling \$0.8M to Commonwealth funded programs and other grants, including \$0.3M for training programs.
<i>Other revenue:</i>	The increase in other revenue relates to an increase in external staff recoveries and work-cover, along with higher-than-expected Nursing clinical placements, which attracts additional revenue from Universities across the region.
<i>Employee expenses and health service employee expenses:</i>	The increase relates to additional frontline staff required to service the growth in demand for healthcare services, the COVID-19 pandemic response, as well as the COVID-19 vaccination program. The overall increase in staff from 2022-23 was 159 MOHRI, with medical and nursing accounting for more than half of the increase. Also contributing to this expense was the EB increases across all pay streams and the Cost-of-Living-Adjustment (CoLA) eligible to medical staff. Backpays and CoLA payments were accounted and accrued for at the end of the financial year.
<i>Supplies and services:</i>	The continuation of surgical outsourcing was to mainly address the elective surgical waitlist in order to not further deteriorate as a result of diverted resources to respond to the COVID-19 pandemic. In addition, CHHHS received funding under the National Partnership Agreement (NPA) from both the State and Commonwealth for additional costs incurred to treat and isolate COVID-19 positive patients, as well as administering the vaccination program and acting upon public health directions from the Chief Health Officer of Queensland Health.
<i>Other expenses:</i>	The variance in other expenses is mainly due to CHHHS's organisational sustainability program, which focused on cost savings, in response to the higher costs experienced as a result of the indirect impact of the COVID-19 pandemic.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

E3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION

	Original Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance % of Budget
Assets				
Current assets				
Cash and cash equivalents	11,705	31,555	19,850	170%
Receivables	27,782	36,465	8,683	31%
Inventories	6,861	4,671	(2,190)	(32%)
Other assets	4,688	3,606	(1,082)	(23%)
Total current assets	51,036	76,297	25,261	
Non-current assets				
Property, plant and equipment	834,113	1,135,820	301,707	36%
Right-of-use assets	728	682	(46)	(6%)
Intangible assets	-	5	5	-%
Total non-current assets	834,841	1,136,507	301,666	
Total assets	885,877	1,212,804	326,927	
Current liabilities				
Payables	69,685	100,707	31,022	45%
Lease liabilities	521	286	(235)	(45%)
Accrued employees benefits	775	19,708	18,933	2443%
Other liabilities	551	897	346	63%
Total current liabilities	71,532	121,598	50,066	
Non-Current liabilities				
Lease liabilities	1,121	402	(719)	(64%)
Total non-current liabilities	1,121	402	(719)	
Total liabilities	72,653	122,000	49,347	
Net assets	813,224	1,090,804	277,580	
EQUITY				
Contributed equity	546,648	580,535	33,887	6%
Accumulated deficit	(66,587)	(77,520)	(10,933)	16%
Asset revaluation surplus	333,163	587,789	254,626	76%
Total equity	813,224	1,090,804	277,580	

EXPLANATION OF MAJOR VARIANCES - STATEMENT OF FINANCIAL POSITION

Major variations between the 2022-23 budget and 2022-23 actual include

Cash and cash equivalents The increase in cash and cash equivalents is the result of additional funding, provided by the DoH in an extraordinary amendment window, specific to 2022-23 non-recurrent Enterprise Bargaining and superannuation related expenses.

Receivables: The increase in receivables is due to the increase in funding provided by the DoH in respect to additional costs associated with treating COVID-19 patients, and non-labour escalation to match the combined State and Commonwealth escalation.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

E3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION (continued)

<i>Property, plant and equipment and asset revaluation surplus:</i>	The increase in property, plant and equipment is largely attributable to the result of the 2021-22 and 2022-23 land and building revaluation programs, the revision of useful lives for building assets as part of the 2021-22 building revaluation program taking effect in 2022-23, and the transfer of completed capital works projects, in particular the Atherton Hospital redevelopment stage 2. The building construction industry continues to experience significant movements as a result of the COVID-19 pandemic and the post COVID-19 recovery. A movement of 12.5% in the building price index (BPI) from 2021-22 (352) to 2022-23 (396) has resulted in an increase in the current replacement cost of buildings and is a reflection of the current construction market trends. The overall increase in the price of raw materials as well as high demand, increases in energy and fuel supply costs, continued appetite for domestic manufactured materials, which are generally not cost comparative to the cheaper foreign product, limitations of supply of particular subcontract participants, intensity and volume of new capital projects, and the capacity of skilled labour to service demand are noted as the key indicators driving the increase in BPI. Additionally, CHHHS's building assets were assessed to overall be in better condition than previously reflected in the asset ledger, due to ongoing maintenance programs and refurbishments, resulting in an overall reduction to accumulated depreciation for the asset class.
<i>Payables:</i>	The increase in payables primarily relates to the retraction of funding in respect to the under-delivery of activity, dental weighted occasions of services, Surgery Connect, and minor deferrals not supported by the DoH and Queensland Treasury. Another driver of the increase in payables was the Enterprise Bargaining backpays and Cost-of-Living-Adjustment (CoLA) payments, in conjunction with increases in the accrued employee benefits being recognised at the end of the financial year.
<i>Accrued employee benefits</i>	The increase in accrued employee benefits relates to end of month payroll accruals for June 2023 and Enterprise Bargaining increases for Building Engineering Maintenance Services, Health Practitioners and Dental Officers, Medical and State awards, and Resident Medical Officer Cost-of-Living-Adjustment (CoLA) payments which are yet to be actioned by payroll services.
<i>Contributed equity:</i>	The increase in contributed equity relates to the capital reimbursements for costs attributable to asset purchases and capital works undertaken, and asset transfers facilitated by the DoH, in particular the capital works associated with the Atherton Hospital redevelopment stage 2.
<i>Asset revaluation surplus</i>	The increase in the asset revaluation surplus is due to the result of the 2021-22 and 2022-23 land and building revaluation programs.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

E4 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

	Original Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities				
<i>Inflows:</i>				
User charges and fees	1,156,633	1,183,490	26,857	2%
Grants and other contributions	11,493	14,128	2,635	23%
Interest receipts	12	60	48	400%
GST input tax credits from Australian Tax Office	15,770	22,254	6,484	41%
GST collected from customers	-	1,100	1,100	-%
Other receipts	8,556	12,223	3,667	43%
<i>Outflows:</i>				
Employee expenses	(142,071)	(136,831)	5,240	(4%)
Health service employee expenses	(678,937)	(743,328)	(64,391)	9%
Supplies and services	(262,149)	(284,554)	(22,405)	9%
GST paid to suppliers	(15,782)	(23,237)	(7,455)	47%
GST remitted to Australian Tax Office	-	(1,063)	(1,063)	-%
Interest payments on lease liabilities	-	(8)	(8)	-%
Other expenses	(29,489)	(17,536)	11,953	(41%)
Net cash provided by (used in) operating activities	64,036	26,698	(37,338)	
Cash flows from investing activities				
<i>Outflows:</i>				
Payments for property, plant and equipment	-	(53,082)	(53,082)	-%
Net cash provided by (used in) investing activities	-	(53,082)	(53,082)	
Cash flows from financing activities				
<i>Inflows:</i>				
Equity injections	14	45,323	45,309	323636%
Equity withdrawals	(63,528)	-	63,528	(100%)
<i>Outflows:</i>				
Lease payments	(14)	(494)	(480)	3429%
Net cash provided by (used in) financing activities	(63,528)	44,829	108,357	
Net increase / (decrease) in cash and cash equivalents	508	18,445	17,937	3531%
Cash and cash equivalents at the beginning of the financial year	11,197	13,110	1,913	17%
Cash and cash equivalents at the end of the financial year	11,705	31,555	19,850	

EXPLANATION OF MAJOR VARIANCES - STATEMENT OF CASH FLOWS

The explanation of major variances as reported in the Statement of Comprehensive Income and Statement of Financial Position, reflect the variances between budget and actual in the Statement of Cash Flow.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION F

WHAT WE LOOK AFTER ON BEHALF OF THIRD PARTIES

F1 TRUST TRANSACTIONS AND BALANCES

F1-1 PATIENT TRUST RECEIPTS AND PAYMENTS

	2023	2022
	\$'000	\$'000
Trust receipts and payments		
Receipts	410	556
Payments	(451)	(533)
Increase in patient funds	(41)	23
Trust assets and liabilities		
<i>Current assets</i>		
Cash held and bank deposits*	97	138
Total current assets	97	138

* Represents patient trust funds and refundable deposits

Accounting Policy – Patient fiduciary fund transactions

CHHHS undertakes patient fiduciary fund account transactions as trustee. These funds are received and held on behalf of patients with CHHHS having no discretion over the use of monies. As such they are not part of CHHHS's assets recognised in the financial statements. Patient funds are not controlled by CHHHS but trust activities are included in the annual audit performed by the Auditor-General of Queensland.

F1-2 GRANTED PRIVATE PRACTICE RECEIPTS AND PAYMENTS

	2023	2022
	\$'000	\$'000
Receipts		
Private practice receipts	13,406	14,043
Total receipts	13,406	14,043
Payments		
Payments to doctors	3,616	3,524
Payments to HHS for recoverable costs	9,789	11,462
Total payments	13,405	14,986
Increase/(decrease) in net right of private practice assets	1	(943)
Right of private practice assets		
<i>Current assets</i>		
Cash	1,068	926
Total current assets	1,068	926

Accounting Policy – Granted Private Practice arrangement

CHHHS has a Granted Private Practice (GPP) arrangement in place.

Hospital and health services now hold the prerogative to grant a clinician limited rights to conduct private practice on the terms and conditions of the private practice schedule within the employment contract (granted private practice). These arrangements include options for revenue assignment or revenue retention. Revenue assignment allows 100% of private patient billings to be assigned to CHHHS and the clinician has full access to Attraction and Retention allowances. Revenue retention allows the clinician to access professional services revenue after the payment of service fees, GST and any service retention amount to CHHHS. For senior medical officers, this retention arrangement provides partial access to the Attraction and Retention allowance.

There are no amounts payable for granted private practice.

The Private Practice Trust Fund has been established to fund various educational, study and research programmes for CHHHS staff. A Study, Education, Research, Training and Administration (SERTA) committee approves the expenditure of this Fund.

Recoverables (service costs etc.) in respect of the retained revenue, which CHHHS is entitled to, are recorded in the Statement of Comprehensive Income.

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

F1-2 GRANTED PRIVATE PRACTICE RECEIPTS AND PAYMENTS (continued)

The only asset of the arrangement is cash, the balance of which is held in the Private Practice bank account. This account does not form part of the cash and cash equivalents of CHHS but the activities are included in the annual audit performed by the Auditor-General of Queensland. As at 30 June 2023 the balance was \$1.1M (2022: \$0.9M).

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

SECTION G

OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

G1-1 KEY MANAGEMENT PERSONNEL

CHHHS's responsible Minister is identified as part of its key management personnel. This is consistent with additional guidance included in AASB 124 *Related Party Disclosures*. The Minister for Health, Mental Health and Ambulance Services and Minister for Women is the Honourable Shannon Fentiman.

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of CHHHS during 2022-23. Further information on these positions can be found in the body of the annual report under the section Governance -Board membership and Executive Management.

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position, if applicable)
Cairns and Hinterland Hospital and Health Board			
Chair Clive Skarott AM	CHHHS is independently and locally controlled by the Cairns and Hinterland Hospital and Health Service Board. The Board appoints the Health Service Chief Executive and exercises significant responsibilities at a local level, including controlling the financial management of CHHHS and the management of CHHHS land and buildings (section 7 <i>Hospital and Health Board Act 2011</i>).	Appointments are under the provisions of the <i>Hospital and Health Board Act 2011</i> by Governor in Council. Notice is published in the Queensland Government Gazette.	16/05/2017
Deputy Chair Luckbir Singh			16/05/2017
Christopher Boland			16/05/2017
Tracey Wilson			16/05/2017
Jodi Peters			16/05/2017
Nancy Long			16/05/2017
Greg Nucifora			18/05/2020
Dr Amanda Roberts			18/05/2020
Fiona Jose			01/04/2022
Chief Executive* Leena Singh			Responsible to the Board for the efficient overall operational management of CHHHS and the achievement of its strategic objectives, as determined by the Board. Acts as principal advisor to the Board and provides the leadership of and guidance to the Executive Management Team of CHHHS.
Acting Chief Executive* Jeremy Wellwood	Responsible to the Board for the efficient overall operational management of CHHHS and the achievement of its strategic objectives, as determined by the Board. Acts as principal advisor to the Board and provides the leadership of and guidance to the Executive Management Team of CHHHS.	s24 & s70 appointed by Board under <i>Hospital and Health Board Act 2011</i> (Section 7 (3)).	04/07/2022 (26/02/2023)
Chief Executive* Tina Chinery	Responsible to the Board for the efficient overall operational management of CHHHS and the achievement of its strategic objectives, as determined by the Board. Acts as principal advisor to the Board and provides the leadership of and guidance to the Executive Management Team of CHHHS.	s24 & s70 appointed by Board under <i>Hospital and Health Board Act 2011</i> (Section 7 (3)).	21/03/2020 (10/07/2022)

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position, if applicable)
Acting Chief Executive* Stephen Thacker	Responsible to the Board for the efficient overall operational management of CHHHS and the achievement of its strategic objectives, as determined by the Board. Acts as principal advisor to the Board and provides the leadership of and guidance to the Executive Management Team of CHHHS.	s24 & s70 appointed by Board under Hospital and Health Board Act 2011 (Section 7 (3)).	23/12/2022 (08/01/2023)
Chief Finance Officer* Stephen Thacker	Responsible to the Chief Executive to ensure the financial and fiscal responsibility of CHHHS are met. Provides governance arrangements to meet financial performance targets and imperatives. Provides strategic financial advice in all aspects of finance management and performance.	HES3.1 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	07/12/2015 (27/01/2023)
Acting Chief Finance Officer* Tiaan Grobbelaar	Responsible to the Chief Executive to ensure the financial and fiscal responsibility of CHHHS are met. Provides governance arrangements to meet financial performance targets and imperatives. Provides strategic financial advice in all aspects of finance management and performance.	HES3.1 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	First acting role commenced 19/09/2022 – 16/10/2022, and currently acting in role from 30/01/2023 to 31/07/2023
Executive Director Medical Services* Donald Mackie	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of medical services across CHHHS . Provides medical executive leadership, strategic focus, managerial direction, authoritative counsel and expert advice on a wide range of professional and policy issues that meet safe professional practice standards.	L18 to L27 appointed by Chief Executive under <i>Medical Officers (Queensland Health) Certified Agreement (No. 5) 2018</i>	17/06/2019
Executive Director Allied Health* Donna Goodman	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of allied health services across CHHHS . Provides allied health executive leadership, strategic focus and authoritative counsel on professional and policy issues that meet safe professional practice standards.	HP8.4 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	19/06/2013 (12/04/2023)
Executive Director Allied Health* Tania Cavanagh	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of allied health services across CHHHS. Provides allied health executive leadership, strategic focus and authoritative counsel on professional and policy issues that meet safe professional practice standards.	HP8.4 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	09/03/2020 – Acting in the role Appointed to the Executive Director Allied Health role on 01/07/2022

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position, if applicable)
Acting Executive Director Allied Health* Linda Bailey	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of allied health services across CHHHS . Provides allied health executive leadership, strategic focus and authoritative counsel on professional and policy issues that meet safe professional practice standards.	HP8.4 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i>	03/04/2023 (16/04/2023)
Acting Executive Director Rural and Remote Services* Linda Bailey	Accountable to the Health Service Chief Executive (HSCE), the Executive Director Rural and Remote Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES2.3 01 appointed by Chief Executive under PSC 2008 Directive 03/14 Senior Executive Service – Employment Conditions (SES)	First acting role commenced 18/10/2022 - 06/11/2022, and currently acting in role from 05/06/2023
Executive Director Cairns Services* Marie Kelly	Accountable to the Chief Executive, the Executive Director Cairns Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES3.1 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	06/12/2021 (10/4/2023)
Acting Executive Director Cairns Services* Susan Henderson	Accountable to the Chief Executive, the Executive Director Cairns Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES3.1 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	First acting role commenced 17/10/2022 and currently acting in role from 03/03/2023
Executive Director People and Engagement* Allan Parsons	Responsible to the Chief Executive for the management and resolution of people and cultural issues within CHHHS . Provides strategic development and strategies to achieve maximum employee engagement, safety and productivity and to ensure CHHHS's capacity to attract and retain the skilled resources required.	HES2.3 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	19/04/2022 (16/06/2023)
Acting Executive Director People and Engagement* Raelene Burke	Responsible to the Chief Executive for the management and resolution of people and cultural issues within CHHHS . Provides strategic development and strategies to achieve maximum employee engagement, safety and productivity and to ensure CHHHS's capacity to attract and retain the skilled resources required.	HES2.3 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i>	19/6/2023

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position, if applicable)
Executive Director Nursing and Midwifery* Debra Cutler	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of nursing and midwifery services across CHHHS . Provides nursing and midwifery executive leadership, strategic focus, managerial direction, authoritative counsel and expert advice on a wide range of professional and policy issues that meet safe professional practice standards.	Nurse Grade 13 (2) Nurses and Midwives (Queensland Health) Award – State 2015 in conjunction with Nurses and Midwives (Queensland Health and Department of Education and Training) Certified agreement (EB9) 2016	29/04/2019 (13/10/2022)
Executive Director Nursing and Midwifery* Cameron Duffy	Responsible to the Chief Executive as the single point of accountability for clinical governance and professional leadership and direction of nursing and midwifery services across CHHHS . Provides nursing and midwifery executive leadership, strategic focus, managerial direction, authoritative counsel and expert advice on a wide range of professional and policy issues that meet safe professional practice standards.	Nurse Grade 13 (2) Nurses and Midwives (Queensland Health) Award – State 2015 in conjunction with Nurses and Midwives (Queensland Health and Department of Education and Training) Certified agreement (EB9) 2016	15/08/2022
Executive Director Rural and Remote* Tracey Morgan	Accountable to the Health Service Chief Executive (HSCE), the Executive Director Rural and Remote Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES2.3 01 appointed by Chief Executive under PSC 2008 Directive 03/14 Senior Executive Service – Employment Conditions (SES)	07/02/2022
Acting Executive Director Rural and Remote Services* Ruth Heather	Accountable to the Health Service Chief Executive (HSCE), the Executive Director Rural and Remote Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES2.3 01 appointed by Chief Executive under PSC 2008 Directive 03/14 Senior Executive Service – Employment Conditions (SES)	06/06/2022 (31/7/2022)
Acting Executive Director Rural and Remote Services* Kerry Grigg	Accountable to the Health Service Chief Executive (HSCE), the Executive Director Rural and Remote Services has the primary responsibility for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio.	HES2.3 01 appointed by Chief Executive under PSC 2008 Directive 03/14 Senior Executive Service – Employment Conditions (SES)	19/09/2022 (17/10/2022)
Executive Director Aboriginal and Torres Strait Islander Health* Maria Dorante	The Executive Director Aboriginal and Torres Strait Islander Health reports to the Chief Executive and will contribute to better outcomes for Aboriginal and Torres Strait Islander healthcare by developing and implementing strategies aimed at effectively managing the health and wellbeing of the Aboriginal and Torres Strait Islander Community.	HES2.3 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	First acting role commenced 13/12/2021, and appointed to role on the 31/10/2022

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position, if applicable)
Acting Executive Director Aboriginal and Torres Strait Islander Health* Simone Lukies	The Executive Director Aboriginal and Torres Strait Islander Health reports to the Chief Executive and will contribute to better outcomes for Aboriginal and Torres Strait Islander healthcare by developing and implementing strategies aimed at effectively managing the health and wellbeing of the Aboriginal and Torres Strait Islander Community.	HES2.3 01 appointed by Chief Executive under <i>Hospital and Health Board Act 2011</i> .	First acting in role commenced 09/01/2023 and again on 03/04/2023

*Denotes directly employed by CHHHS.

G1-2 REMUNERATION EXPENSES

Key management personnel – Executive management

Remuneration policy for CHHHS key executive management personnel is set by the following legislation:

- *Hospital and Health Boards Act 2011*
- Industrial awards and agreements

Section 74 of the *Hospital and Health Boards 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 CHHHS key executive management personnel is set by direct engagement common law employment contracts. The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts. The contracts provide for other benefits including motor vehicles and expense payments such as rental or loan repayments.

The following disclosures focus on the expenses incurred by CHHHS during the respective reporting periods that are attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprise the following components:

- Short-term employee benefits include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - non-monetary benefits – consisting of provision of vehicle and other expenses together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination.

Key management personnel do not receive performance payments as part of their remuneration package.

Key management personnel – Minister

The Legislative Assembly of Queensland's Members' Remuneration Handbook outlines the ministerial remuneration entitlements. CHHHS does not incur any remuneration costs for the Minister for Health and Minister for Ambulance Services, but rather ministerial entitlements are paid primarily by the Legislative Assembly with some remaining entitlements provided by the Ministerial Services Branch with the Department of Premier and Cabinet.

All ministers are reported as key management personnel of the Queensland Government. As such, the aggregate remuneration expenses for all Ministers are disclosed in the Queensland Government and Whole of Government consolidated financial statements, which are published as part of the Queensland Treasury Report on State finances.

Key management personnel – Board

Members of the Cairns and Hinterland Hospital and Health Board are appointed by the Governor in Council on recommendation of the Minister for Health and Minister for Ambulance Services. The Board is responsible for the governance and control of CHHHS, appointing the Health Service Chief Executive, setting CHHHS's strategic direction and monitoring CHHHS's financial and operational performance. Remuneration arrangements of the Board are approved by the Governor in Council and the Board members are paid annual fees consistent with the government titled "Remuneration procedures for part-time chairs and members of Queensland Government bodies".

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

G1-3 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

1 July 2022 - 30 June 2023						
Position	Short Term Benefits		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Current						
Chair Clive Skarott AM	87	-	-	8	-	95
Deputy Chair Luckbir Singh	47	-	-	4	-	51
Board Member Christopher Boland	47	-	-	4	-	51
Board Member Tracey Wilson	46	-	-	4	-	50
Board Member Jodi Peters	50	-	-	4	-	54
Board Member Nancy Long	46	-	-	4	-	50
Board Member Gregory Nucifora	47	-	-	4	-	51
Board Member Dr Amanda Roberts	46	-	-	4	-	50
Board Member Fiona Jose	43	-	-	4	-	47
Chief Executive Leena Singh	149	-	4	16	-	169
A/Chief Executive Jeremy Wellwood	397	31	8	27	-	463
Chief Executive Tina Chinery	9	8	-	(3)	-	14
Chief Finance Officer Stephen Thacker	138	17	4	11	-	170
A/Chief Finance Officer Tiaan Grobbelaar	148	17	2	11	-	178
Executive Director Medical Services Donald Mackie	485	17	11	41	-	554
Executive Director Allied Health Donna Goodman	71	17	1	7	-	96
Executive Director Allied Health Tania Cavanagh	234	17	5	33	-	289
A/Executive Director Allied Health, & A/Executive Director Rural & Remote Services Linda Bailey	37	17	1	4	-	59

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

G1-3 KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES (continued)

1 July 2022 - 30 June 2023						
Position	Short Term Benefits		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Executive Director Cairns Services Marie Kelly	150	17	3	12	2	184
A/Executive Director Cairns Services Susan Henderson	105	17	2	10	-	134
Executive Director HR & Engagement Allan Parsons	225	17	4	17	-	263
A/Executive Director HR & Engagement Raelene Burke	5	-	-	1	-	6
Executive Director Nursing & Midwifery Debra Cutler	84	10	-	6	4	104
Executive Director Nursing & Midwifery Cameron Duffy	270	17	5	24	-	316
Executive Director Rural and Remote Services Tracey Morgan	204	17	5	21	-	247
A/Executive Director Rural & Remote Services Ruth Heather	22	17	-	1	-	40
A/Executive Director Rural and Remote Services Kerryann Grigg	32	8	1	2	-	43
Executive Director Aboriginal and Torres Strait Islander Health Maria Dorante	199	17	4	17	-	237
A/Executive Director Aboriginal and Torres Strait Islander Health Simone Lukies	61	-	1	2	-	64

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

G1-3 KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES (continued)

1 July 2021 - 30 June 2022						
Position	Short Term Benefits		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Current						
Chair Clive Skarott AM	87	-	-	9	-	96
Deputy Chair Luckbir Singh	48	-	-	4	-	52
Board Member Christopher Boland	48	-	-	5	-	53
Board Member Fiona Jose	11	-	-	-	-	11
Board Member Tracey Wilson	44	-	-	5	-	49
Board Member Jodi Peters	50	-	-	5	-	55
Board Member Nancy Long	46	-	-	5	-	51
Board Member Gregory Nucifora	48	-	-	5	-	53
Board Member Dr Amanda Roberts	47	-	-	5	-	52
Board Member Julianne Boneham	33	-	-	3	-	36
Chief Executive Tina Chinery	295	26	7	29	-	357
Chief Finance Officer Stephen Thacker	237	18	6	23	-	284
A/Chief Finance Officer Tiaan Grobbelaar	43	17	-	2	-	62
Executive Director Medical Services Donald Mackie	338	17	8	30	-	393
A/Executive Director Medical Services Wayne Grant Howard	144	-	3	11	-	158
A/Executive Director Medical Services Karen Murphy	166	-	4	12	-	182
Executive Director Allied Health Donna Goodman	-	-	-	-	-	-
A/Executive Director Allied Health Tania Cavanagh	220	17	5	20	-	262

Cairns and Hinterland Hospital and Health Service

Notes to the financial statements

For the year ended 30 June 2023

G1-3 KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES (continued)

1 July 2021 - 30 June 2022						
Position	Short Term Benefits		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
A/Executive Director Allied Health, & A/Executive Director Cairns Services Linda Bailey	29	17	1	3	-	50
A/Executive Director Allied Health Jason Black	21	17	-	1	-	39
Executive Director Cairns Services Marie Kelly	210	17	5	20	-	252
A/Executive Director Cairns Services Susan Henderson	12	17	1	3	-	33
Executive Director People and Engagement Erica Gallagher	168	17	4	17	-	206
Executive Director Nursing, Midwifery Debra Cutler	251	18	5	25	-	299
A/Executive Director Nursing, Midwifery Mark Goodman	238	17	4	19	-	278
A/Executive Director Nursing, Midwifery Jarred Brose	32	17	-	2	-	51
Executive Director Rural and Remote Services Tracey Morgan	218	17	5	21	-	261
A/Executive Director Rural & Remote Services Ruth Heather	17	17	-	2	-	36
Executive Director Aboriginal & Torres Strait Islander Health Joy Savage	174	-	4	17	1	196
A/Executive Director Aboriginal & Torres Strait Islander Health Maria Dorante	72	17	1	5	-	95
A/Executive Director HR & Engagement Allan Parsons	46	17	1	4	-	68

Cairns and Hinterland Hospital and Health Service
Notes to the financial statements
For the year ended 30 June 2023

G2 RELATED PARTY TRANSACTIONS

CHHHS does not have any subsidiaries, associates or joint ventures with other parties, other than its collaboration in Better Health NQ Alliance, and investment in Tropical Australia Academic Health Centre and a primary health network (refer to note A3) and therefore no related parties of this kind to declare. CHHHS does not make loans to or receive loans from related parties.

G2-1 PARENT ENTITY AND OTHER HHSs

CHHHS is controlled by the State of Queensland which is the ultimate parent entity. All State of Queensland controlled entities meet the definition of a related party under AASB 124 *Related Party Disclosures*.

Department of Health

CHHHS receives funding from the DoH in return for specific public health services, purchased by the DoH in accordance with a service agreement between the DoH and CHHHS. The service agreement is periodically reviewed and updated for changes in activities and prices of services delivered by CHHHS.

The signed service agreements are published and are publicly available on the Queensland Government website.

As outlined in Note B2-2, CHHHS is not a prescribed employer and CHHHS health service employees are employed by the DoH and contracted to work for CHHHS. The cost of contracted wages for 2022-23 is \$773.0M (2022: \$712.9M)

In addition to the provision of corporate services support (refer to Note B1-2), the DoH centrally manages, on behalf of CHHHS, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications and technology services. These services are provided on a cost recovery basis. In 2022-23, these services totalled \$205.0M (2022: \$196.0M).

Refer to note B1-1 user charges and fees for DoH funding.

Refer to note C2-1 receivables for DoH debtor balance as at 30 June 2023.

Refer to note C8-1 payables for DoH creditor balance as at 30 June 2023.

Other Hospital and Health Services

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

Refer to note C2-1 receivables for other inter hospital and health services debtor balance as at 30 June 2023.

G2-2 KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in G1.

Far North Queensland Hospital Foundation

CHHHS has paid \$0.04M to the Far North Queensland Hospital Foundation (FNQHF), for other supplies and services provided by the FNQHF to CHHHS, for 2022-23.

The balance of trust funds transferred from CHHHS to the FNQHF in 2019-20 are being carried as a Sundry Debtor item on the Statement of Financial Position. A total of \$1.2M trust funds were transferred from CHHHS to FNQHF in 2019-20 for management and usage on behalf of CHHHS, as outlined in a Memorandum of Understanding between CHHHS and the FNQHF. The balance of the FNQHF Sundry Debtor totalled \$0.5M as at 30 June 2023.

These transactions were conducted on an arms-length basis.

Identified Close Family Members

CHHHS employs and contracts 7,029 (MOHRI head count) staff through an arms-length process, of which 6 staff members have been identified as having close family member. There was nil transactions identified as payments to these declared close family members.

G2-3 OTHER GOVERNMENT ENTITIES

CHHHS transactions with other government entities are on normal terms and conditions and were immaterial in nature.

The other government entities include:

Department of Energy and Public Works

CHHHS pays rent to Department of Energy and Public Works for government employee housing and property leases. Vehicle leasing and strategic fleet management services are provided by the Department of Energy and Public Works via QFleet.

Queensland Treasury Corporation

CHHHS has an investment bank account with the Queensland Treasury Corporation for general trust monies.

G3 RESTRICTED ASSETS

CHHHS receives cash contributions primarily from private practice clinicians and external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests for stipulated purposes. At 30 June 2023, amounts of \$1.1M (2022: \$1.9M) in General Trust and \$0.9M (2022: \$1.0M) for research projects are set aside for the specified purpose underlying the contribution.

Cairns and Hinterland Hospital and Health Service
Notes to the financial statements
For the year ended 30 June 2023

G4 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

Accounting standards applied for the first time

No accounting standards or interpretations that apply to CHHHS for the first time in 2022-23 had any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2022-23.

G5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of this paper, there are three new or amended Australian Accounting Standards issued, AASB 17 *Insurance Contracts*, AASB 101 *Presentation of Financial Statements* and AASB 13 *Fair Value Measurement*.

AASB 17 Insurance Contracts

AASB 17 Insurance Contracts, which entities in the public sector are not expected to adopt until 1 July 2026, will combine all existing insurance standards (AASB 4, AASB 1023 & AASB 1038) into one standard. AASB 17 will be applicable to entities in the public sector that enter arrangements which are considered insurance contracts. An insurance contract is a contract under which one party (the 'insurer') accepts significant insurance risk from another party (the 'insured') by agreeing to compensate the insured if a specified future event adversely affects the insured.

CHHHS currently has no arrangements, which could be considered insurance contracts, in which CHHHS acts as the insuring party; therefore, it is not expected that AASB 17 will have a material impact to CHHHS, based off initial considerations. Further assessments will be undertaken closer to the adoption date of AASB 17.

AASB 101 Presentation of Financial Statements

AASB 2022-6 Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements in regards to long-term liabilities with covenants where the right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. This amendment is effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The amendment in AASB 2022-6 is not expected to have a material impact on CHHHS's annual financial statements.

AASB 13 Fair Value Measurement

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities amends AASB 13 Fair Value Measurement for the fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

AASB 13:

- a) specifies that the entity is required to consider whether the asset's highest and best use differs from its current use only when, at the measurement date, it is:
 - i. classified as held for sale or held for distribution to owners; or
 - ii. highly probable that the asset will be used for an alternative purpose to its current use;
- b) clarifies that the asset's use is financially feasible if market participants would be willing to invest in the asset's service capacity, considering both the capability of the asset to be used to provide needed goods or services and the resulting costs of those goods or services;
- c) specifies that, if both the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an entity uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants would use different data; and
- d) provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence.

The amendment is effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

CHHHS measures the value of its non-current assets in accordance with AASB 13; however, the amendment in AASB 2022-10 is not expected to have a material impact on CHHHS's annual financial statements.

G6 CLIMATE RISK DISCLOSURE

CHHHS 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 Governments' Climate Transition Strategy.

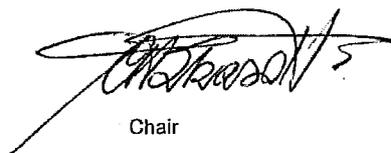
Cairns and Hinterland Hospital and Health Service
Management Certificate
For the year ended 30 June 2023

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 Cairns and Hinterland Hospital and Health Service for the financial year ended 30 June 2023 and of the financial position of the Cairns and Hinterland Hospital and Health Service at the end of that year; and
- c) We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance "in all material respects" of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Dr Clive Skarott AM
HonDUniv
FAICD
FAMI

Leena Singh
CA
BMS



Chair

25/8/2023



Chief Executive

25/8/2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Cairns and Hinterland Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Cairns and Hinterland 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 2023, 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 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the management certificate.

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.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the Cairns and Hinterland Hospital and Health Service annual report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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.

Fair value of buildings (\$990 million)

Refer to note C5 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Buildings were material to Cairns and Hinterland Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method.</p> <p>Cairns and Hinterland Hospital and Health Service performed a comprehensive revaluation of 69 building assets. All other buildings were assessed using relevant indices.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> • gross replacement cost, less • accumulated depreciation. <p>Cairns and Hinterland Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: <ul style="list-style-type: none"> ○ estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre) ○ identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. <p>Using indexation required:</p> <ul style="list-style-type: none"> • significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation • reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used. <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • assessing the competence, capabilities and objectivity of the experts used to develop the models • for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> ○ modern substitute (including locality factors and oncosts) ○ adjustment for excess quality or obsolescence • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> ○ reviewing management's annual assessment of useful lives ○ at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets ○ testing that no building asset still in use has reached or exceeded its useful life ○ enquiring of management about their plans for assets that are nearing the end of their useful life ○ reviewing assets with an inconsistent relationship between condition and remaining useful life • where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of forming an opinion on the effectiveness of the entity's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information 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.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

Prescribed requirements scope

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



D Adams
as delegate of the Auditor-General

29 August 2023
Queensland Audit Office
Brisbane

Appendix B – Glossary

Activity based funding (ABF)	<p>A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:</p> <ul style="list-style-type: none"> • capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management’s focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
Acute	<p>Having a short and relatively severe course of care in which the clinical intent or treatment goal is to:</p> <ul style="list-style-type: none"> • manage labour (obstetric) • cure illness or provide definitive treatment of injury • perform surgery • relieve symptoms of illness or injury (excluding palliative care) • reduce severity of an illness or injury • protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function • perform diagnostic or therapeutic procedures.
Admission	<p>A patient who undergoes a hospital’s formal admission process as an overnight-stay patient or a same-day patient.</p>
Allied health staff	<p>Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthopaedics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.</p>
Clinical governance	<p>A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.</p>
Clinical workforce or staff	<p>Employees who are, or who support, health professionals working in clinical practice, have healthcare specific knowledge/experience and provide clinical services to health consumers, either directly and/or indirectly, that have a direct impact on clinical outcomes.</p>
Community Consultation Committee (CCC)	<p>A group that provides feedback and advice to the Cairns and Hinterland HHS Board through the Community Advisory Group on local healthcare services from a consumer and community perspective.</p>
Full-time equivalent (FTE)	<p>Refers to full-time equivalent staff currently working in a position.</p>

Health Service Consultative Forum (HSCF)	Consults on local workplace matters, workloads, workplace health and safety, recruitment issues and policies. It is attended by Executive Directors and has strategic oversight of people management issues, and is the peak body for unresolved matters from the local consultative forums.
Hospital	Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.
Hospital and Health Boards	Made up of a mix of members with expert skills and knowledge relevant to governing a complex healthcare organisation.
Hospital and Health Service	Hospital and Health Services are separate legal entities established by the Queensland Government to deliver public hospital services. Hospital and Health Services commenced in Queensland on 1 July 2012, replacing existing health service districts.
Individual Development Plan (IDP)	Measures performance, identifies goals and development opportunities for employees. A conversation between managers and permanent employees or temporary employees on contracts longer than three months.
Local Consultative Forum (LCF)	A group of union representatives and management representatives that meet regularly to discuss work-related issues. The LCF is a consultative body for the purposes of informing staff about new initiatives, restructures or any changes including Workplace Reforms and then allows for feedback from staff, through their union representatives, about the proposals.
Long wait	A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for surgery, according to the clinical urgency category assigned. That is, more than 30 days for a category 1 patient, more than 90 days for a category 2 patient and more than 365 days for a category 3 patient.
Non-admitted patient	A patient who does not undergo a hospital's formal admission process.
Outpatient	Non-admitted individual accessing health service provided at a hospital or health service facility.
Outpatient service	Examination, consultation, treatment or other service provided to non-admitted, non-emergency patients in a speciality unit or under an organisational arrangement administered by a hospital.
Overnight-stay patient (also known as inpatient)	A patient who is admitted to, and discharged from, the hospital on different dates (not same-day patients).
Patient flow	Optimal patient flow means the patient's journey through the hospital system, be it planned or unplanned, which happens in the safest, most streamlined and timely way to deliver good patient care.

Public patient	A public patient is one who elects to be treated as a public patient, so cannot choose the doctor who treats them, or is receiving treatment in a private hospital under a contract arrangement with a public hospital or health authority.
Queensland Audit Office	The Queensland Audit Office is the independent auditor of the public sector.
QDAN	Queensland Disposal Authority Number
Registered nurse	An individual registered under national law to practise in the nursing profession as a nurse, other than as a student.
Statutory bodies	A non-departmental government body established under an Act of Parliament. Statutory bodies can include corporations, regulatory authorities and advisory committees/councils.
Sub-acute care	Care for people who are not severely ill but need support to regain their ability to carry out activities of daily life after an episode of illness and/or changing health conditions.
Telehealth	<p>Delivery of health-related services and information via telecommunication technologies, including:</p> <ul style="list-style-type: none"> • live audio and or/video interactive links for clinical consultations and educational purposes • store and forward Telehealth, including digital images, video, audio and clinical notes (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists • tele-radiology for remote reporting and clinical advice for diagnostic images • Telehealth services and equipment to monitor patients' health in their homes.
Weighted Activity Unit	A standard unit used to measure all patient care activity consistently. The more resource intensive an activity is, the higher the weighted activity unit. This is multiplied by the standard unit cost to create the 'price' for the episode of care.

Appendix C – Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 4
Accessibility	Table of contents	ARRs – section 9.1	Page 5
	Glossary		Appendix B
	Public availability	ARRs – section 9.2	Page 2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 2
Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Page 2	
General information	Introductory Information	ARRs – section 10	Page 7
Non-financial performance	Government’s objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Page 7
	Agency objectives and performance indicators	ARRs – section 11.2	Page 34
	Agency service areas and service standards	ARRs – section 11.3	Page 31
Financial performance	Summary of financial performance	ARRs – section 12.1	Page 36
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 24
	Executive management	ARRs – section 13.2	Page 22
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Page 19
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 30
	Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 30
	Queensland public service values	ARRs – section 13.6	Page 10
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 28
	Audit committee	ARRs – section 14.2	Page 21
	Internal audit	ARRs – section 14.3	Page 28
	External scrutiny	ARRs – section 14.4	Page 29
	Information systems and recordkeeping	ARRs – section 14.5	Page 30
	Information Security attestation	ARRs – section 14.6	Page 29

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Page 26
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 28
Open Data	Statement advising publication of information	ARRs – section 16	Page 2
	Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Appendix A
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Appendix A

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