Central Queensland Hospital and Health Service

Queensland Good jobs Better services Great lifestyle

ANNUAL REPORT 2022–23

Queensland Government

Accessibility

Open data

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

Public availability statement

An electronic copy of this report is available at www.cq.health.qld.gov.au. Hard copies of the annual report are available by phoning Central Queensland Hospital and Health Service Board Secretary on (07) 4920 5759. Alternatively, you can request a copy by emailing CQHHS_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) 4920 5759 or (07) 3115 6999 and we will arrange an interpreter to effectively communicate the report to you.

Licence

Attribution

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Acknowledgement

Acknowledgement of Traditional Custodians

We respect the collective cultures and traditions of the recognised Aboriginal Traditional Owners and the Torres Strait Islander Descendants and communities of the Torres Strait Islanders living in Central Queensland that are represented across the land, sea and river systems that connect and link our health services.

We acknowledge the traditional countries across the Central Queensland region and the lands of the Darumbal, Woppaburra, Konomie, Byellee (Bailai), Gurang, Gooreng Gooreng, Taribelang Bunda, Gangulu/Gaangal, Ghungalu, Wulli Wulli, Western Kangoulu, Wadja, Kairi.

We respectfully acknowledge our Elders, our communities, and the health workforce past and present, who continue in sharing their cultural knowledge and dedication that supports the healing across our communities and within the provision of health services.

Recognition of Australian South Sea Islanders

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

4 September 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 Central Queensland Hospital and Health Service.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements is provided at page 86 of this Annual Report.

Yours sincerely

Mr Paul Bell AM
Chair
Central Queensland Hospital and Health Board

Contents

Statement on Queensland Government objectives for the community

CQ Health's strategic vision *Destination 2030: Great Care for Central Queenslanders* (Destination 2030), and *CQ Health Strategic Plan 2018-2023 (updated 2022)* support the Queensland Government objectives for the community.

The CQ Health Strategic Plan sets a clear ambition – driven by the vision of Great Care for Central Queenslanders – for Central Queenslanders to be among the healthiest in Australia, and for our health service to be among the best in the country.

Achieving CQ Health's strategic vision will support the delivery of the Queensland Government's objectives for the community, particularly:

Good jobs - Good, secure jobs in our traditional and emerging industries.

- Supporting jobs: Good, secure jobs in more industries to diversify the Queensland economy and build on existing strengths in agriculture, resources and tourism.
- Investing in skills: Ensure Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.

Better services - Deliver even better services right across Queensland.

- Backing our frontline services: Deliver world-class frontline services in key areas such as health, education, transport and community safety.
- Keeping Queenslanders safe: Continue to keep Queenslanders safe as we learn to live with COVID-19 and ensure all Queenslanders can access world-class healthcare no matter where they live.

Great lifestyle - Protect and enhance our Queensland lifestyle as we grow.

- Growing our regions: Help Queensland's regions grow by attracting people, talent and investment, and driving sustainable economic prosperity.
- Honouring and embracing our rich and ancient cultural history: Create opportunities for First Nations Queenslanders to thrive in a modern Queensland.

From the Chair and Chief Executive

CQ Health experienced a busy 2022-2023.

During the year the health service embedded its new Executive team, welcoming Chief Operating Officer Pauline McGrath who leads General Managers for operational leaders from: Rockhampton, Capricorn Coast and Mount Morgan; Gladstone and Banana; Central Highlands; Mental Health Alcohol and Other Drugs Service; Offender Health Service; and Aged Care, Chronic Care and Rehabilitation.

Executive Director Aboriginal and Torres Strait Islander Health and Wellbeing Donna K. Cruickshank led the finalisation of the *Aboriginal and Torres Strait Islander Health Equity Strategy*, which was launched in Woorabinda on 31 March 2023. This strategy sets out a clear vision with a commitment for placing Aboriginal and Torres Strait Islander peoples and voices at the centre of

the health care we deliver. The next phase is working with community to create a place-based operational plan to bring the strategy to life.

A Local Area Needs Assessment (LANA) was completed, outlining key health needs of the Central Queensland community, identifying service gaps and areas of health priority. Understanding gained from this assessment will be used to inform service planning as part of the CQ Health Clinical Services Plan development.

A new Maternity Care Network has been established to create a safe and sustainable birthing service close to home for women and families of Central Queensland. In July 2022, Gladstone Hospital decreased planned birthing when it was unable to recruit qualified obstetric/gynaecologist specialists. The service was fully reinstated by 12 June 2023, when sufficient specialists were recruited to maintain a safe and sustainable roster. The new network is supporting resource sharing across the health service to fill workforce gaps and support service sustainability and deliver safe care close to home.

A key focus for the health service is reducing waiting times in Emergency Departments. CQ Health is supporting people to get their care in the community wherever possible rather than the busy Emergency Department. This includes two innovative programs, including the Mental Health Co-Responder Model and the Respiratory Rapid Access Service. The Co-Responder program is a partnership between the health service and Queensland Ambulance Service that supports people in mental health crisis in their own home. Experienced mental health clinicians travel with senior paramedics to mental health callouts and provide treatment or referral to suitable services away from the hospital. This team saw 593 patients in 2022-2023, with just 94 (15.9 per cent) of those requiring hospital care. The Respiratory Rapid Access Service supports known patients with diagnosed chronic respiratory conditions in Rockhampton and Gladstone to get time-critical specialist care without going to the Emergency Department. Eligible patients have access to rapid triage and a phone hotline for fast assessment and advice.

We would like to thank the dedicated teams of professional healthcare workers and support staff across CQ Health for their hard work every day and their willingness to care for Central Queenslanders. CQ Health is committed to fostering a positive and supporting workplace, and to caring for our people.

Here are just some examples of Central Queenslanders supported by CQ Health teams in an average day from 2022-2023:

- Ambulances arriving at hospitals: 107
- Emergency Department presentations: 409
- Surgeries performed: 36
- Hospital inpatients: 365
- Babies born: 6
- Number of patients seen in outpatient clinics: 1130
- Dental clinic visits: 550
- Number of breast screens done: 36
- Number of Telehealth appointments: 50
- Neonatal patients: 7
- Hospital in the Home appointments: 3
- Number of radiology examinations: 360
- Patients seen by Mental Health Co-Responders: 2

About us

Strategic direction

CQ Health was established under the *Hospital and Health Boards Act 2011*.

CQ Health's long-term strategic vision *Destination 2030: Great Care for Central Queenslanders* was approved by the Board and adopted by CQ Health on 27 October 2017.

The Destination 2030 strategic vision includes targets for 2020, 2025 and 2030.

In 2023 CQ Health began a refresh of the Destination 2030 strategic vision, focusing on leadership, culture, workforce wellbeing and sustainable future. The path to achieving our Destination 2030 vision will be reinvigorated by:

- Reimagining our approach to strategic planning to begin with each member of our workforce
- Refreshing Destination 2030: Great Care for Central Queenslanders
- Developing a Destination 2030 Refresh Action Plan for the key pieces of work that will be done in the next 12 months to progress towards achieving our strategic vision.

Vision, purpose, values

Vision: Great Care for Central Queenslanders

Purpose: Great people, delivering quality care and improving health

Values: CQ Health is committed to our guiding values:

- Care – We are attentive to individual needs and circumstances
- Integrity – We are consistently true, act diligently and lead by example
- Respect – We will behave with courtesy, dignity and fairness in all we do
- Commitment – We will always do the best we can all of the time

Priorities

CQ Health's priorities are clearly expressed in the *CQ Health Strategic Plan 2018-2023 (updated 2022)*:

- Great Care, Great Experience
- Great People, Great Place to Work
- Great Partnerships
- Great Learning and Research
- Sustainable Future

Aboriginal and Torres Strait Islander Health

The Aboriginal and Torres Strait Islander Health and Wellbeing Directorate has been leading initiatives across the health service that provide focus for system reforms; workforce enhancement; strengthen cultural capability and safety; and ensure the voice of the community.

The inaugural Health Equity Strategy was prepared with five key enablers – Community Voice; Redesign Access; Enhance Workforce; Change Culture; Collaborate with Partners – that will guide the health service in the changes and investment required to deliver care closer to home and remove barriers for access. The Health Equity Strategy was launched at the Woorabinda Multipurpose Health Service in March 2023. The Health Equity project team commenced working across communities to develop the Health Equity Implementation plans that will be individualised for community requirements to achieve health equity. The Health Equity Partnership Committee was established with representatives from partner organisations including Aboriginal Medical Services, Queensland Ambulance Service, Corrections Health and First Nations Community Services. This committee will provide advice and oversight of the Health Equity implementation.

A number of initiatives have been progressed to build the Aboriginal and Torres Strait Islander health workforce. The *Deadly Start* program was initiated and has provided traineeships for twelve Aboriginal and Torres Strait Islander school students to undertake a Certificate III with a supported work placement. This will provide the students with a qualification by the end of their schooling and establish their career path. Students will be based in nursing, allied health and operations. The development of the Aboriginal and Torres Strait Islander Health Practitioner workforce was commenced with two positions funded by the First Nations Health Office. Work was undertaken to establish the positions at Emerald Health Service and the Rockhampton Rapid Access Clinic – work will continue to ensure the positions have appropriate clinical and cultural support. Development of the workforce has been a priority, with staff including Indigenous Hospital Liaison Officers, Mental Health workers, Aboriginal and Torres Strait Islander health workers and Directorate staff supported to access education and training.

The ongoing development of the Health and Wellbeing Directorate has seen the Workforce Advisor, Senior Health Worker and Coordinator Health Equity positions filled during the year. Work commenced on evaluating the Directorate structure and Making Tracks programs, to build a future structure required for a contemporary Aboriginal and Torres Strait Islander Health and Wellbeing Directorate that can lead the health service in the legislated requirements of Health Equity and Closing the Gap. In addition, review and planning for future directions has commenced for services including the Indigenous Hospital Liaison Services, Gumma Gundoo Maternity service, Rheumatic Heart Disease, Better Cardiac Care and the *Deadly Feet* (vascular health) program. Work will continue to ensure Aboriginal and Torres Strait Islander health services and programs are focused on the needs of the community for greater impact on health and wellbeing.

The Cultural Capability Officer worked with the Quality and Safety team to conduct an audit to determine the cultural capability and safety of the health service. The responses provided information for what is working well and areas for improvement. The Cultural Capability Officer will work with the Quality and Safety team to develop a cultural safety plan that provides actions for improvements across the health service.

Community engagement has been enhanced with the health equity implementation planning. The Directorate team worked across communities to discuss the requirements for implementing specific actions for health equity. The local community groups will continue to be formalised to ensure they are part of the ongoing design and monitoring of the health service. An exciting project that was undertaken by the Directorate was a video featuring Elders from across the Central Queensland communities telling their story. The video aligned to the NAIDOC 2023 theme of *For Our Elders*. The video will be used as a resource in the cultural education for staff. A Welcome/Acknowledgment of Country video was also filmed that will be used for New Starter Orientation.

Our community-based and hospital-based services

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

It provides mental health services, oral health services, offender health services and aged care services, with facilities also providing community health services.

CQ Health is responsible for the direct management of facilities within its geographical boundaries including:

- Biloela Hospital
- Capricorn Coast Hospital
- Emerald Hospital
- Gladstone Hospital
- Rockhampton Hospital

CQ Health also provides services from Multipurpose Health Services (MPHS) and outpatient clinics. MPHS are located at:

- Baralaba
- Blackwater
- Mount Morgan
- Moura
- Springsure
- Theodore
- Woorabinda.

Outpatient clinics are located at:

- Capella
- Gemfields
- Tieri

Aged care facilities are located at:

- North Rockhampton Nursing Centre
- Eventide Nursing Home

Car Park concessions

In 2022-2023, 7,155 concession passes and discounted parking tickets were issued for Rockhampton Hospital car park at an estimated cost of $118,119.

Targets and challenges

Key challenges for CQ Health include:

- the impact of ongoing growth in demand for health services
- the impacts of COVID-19 particularly on workforce

- availability of workforce resources to meet service delivery and business needs, including challenges with recruitment and retention in a rural and regional setting.

The *CQ Health Strategic Plan 2018-2023 (updated 2022)* identifies opportunities for the health service, including to:

- Actively support the *Rural and Remote Health and Wellbeing Strategy 2022-2027* and the *Digital Strategy for Rural and Remote Health* to deliver equity in health outcomes for Central Queenslanders.
- Develop innovative and progressive rural healthcare delivery supported by the digital revolution and virtual care models.
- Use ingenuity and research to develop community-driven care that is delivered close to home by a values-driven healthcare team.
- Leverage success of the Regional Medical Pathway to pursue the ambition of a university hospital supported by an academic health centre encompassing teaching and translational research.
- Develop a sustainable financial response supporting future sustainability in a post-pandemic setting.
- Support the Executive Director to lead the Aboriginal and Torres Strait Islander Health and Wellbeing Directorate to deliver equity across the workforce and community.
- Deliver increased capacity in cancer, cardiac, renal and mental health services to reduce the need for patient travel.

The *CQ Health Strategic Plan 2018-2023 (updated 2022)* identifies six strategic risks that CQ Health must manage in delivering our vision of Great Care for Central Queenslanders. The risks, and CQ Health's response to those risks include:

Risk: Resources are not sufficient to meet future increases in demand for health services driven by population demographics and lifestyle.

Response: While the Central Queensland population is increasing at a 1.3 per cent compound annual growth rate out to 2031, the impacts of an ageing population and rates of health risk factors which are above the state average are continuing to place increasing pressure on the resources available to the health service.

To better meet these demands CQ Health is undertaking comprehensive planning exercises to inform improved allocation of these resources to key priority areas. Following completion of the CQ Health LANA in December 2022 which identified key health priorities and associated service gaps, these learnings have been included in the development of the CQ Health Clinical Services Plan which is scheduled for completion in October 2023.

Key principles being included in these planning exercises are to transform and optimise existing services, provide care closer to home, identify opportunities to partner with other health providers and promote the implementation of contemporary multidisciplinary models of care.

Risk: Aged and outdated infrastructure restrict the delivery of safe and contemporary care, increasing costs and reducing efficiency.

Response: Significant work has been under way with Health Capital Division on capital improvements. The health service has been undertaking condition assessment reports of its

facilities to better understand requirements in line with the Strategic Asset Management Planning process and anticipated finalisation of the Clinical Services Plan.

Risk: Capital and IT infrastructure reduces the ability to deliver innovative and progressive health care and limits the use of virtual care models.

Response: CQ Health has a digital first strategy to transform our services providing digital access to patients, consumers, staff and partners. The health service continues to use integrated and virtual care and remote patient monitoring services. The health service manages the replacement and upgrade of medical equipment with a 5-year replacement plan which integrates with the digital enablement pathway. The planning of new capital builds and significant improvements include the consideration for IT infrastructure to support the health service's digital enablement pathway.

Risk: Inability to recruit and retain the right staff in the right place compromises the ability to deliver Great Care, Great Experience.

Response: A contributor to this risk is the shortage of health professionals at a global level. This is exacerbated by ongoing insufficient resources in regional locations, low levels of available accommodation and difficulties in attracting staff due to issues and perceptions such as lack of services, geographical distance from cities, and opportunities for family membersThese factors can result in service disruptions, high rate of vacancies, increased costs using premium labour, misaligned skill sets, financial volatility and an inability to meet the demands of a growing and ageing population.

Mitigation strategies being employed within CQ Health include ongoing varied recruitment campaigns, both domestically and internationally to attract applicants for both specialist and non-specialist positions throughout Central Queensland e.g. Queensland Country Practice Program and aCQuire.

Queensland Health has also run an exchange program to enable metropolitan staff to serve in rural and remote locations on a short-term rotational arrangement. Further to this, several "grow your own" skilled staff programs have been implemented locally to build appropriate skill sets within the existing workforce and increase staff retention rates.

A key action has been the continued development and promotion of the Regional Medical Pathway collaboration between Central Queensland and Wide Bay Hospital and Health Services, CQUniversity and The University of Queensland.

Risk: Consumer and community input is not effectively integrated into health service planning and delivery impacting our ability to provide effective health outcomes.

Response: The Aboriginal and Torres Strait Islander Health and Wellbeing Directorate has initiated Community Voice as one of the key enablers for health equity. The Community Voice will be imperative in providing guidance to the design; planning; development; and delivery of health services and programs. The Directorate will develop and negotiate health initiatives through authentic engagement with the communities across Central Queensland.

Risk: Failure to appropriately assess and plan for escalating rate of change in population demographics, technology, evolution in health service delivery practices and tightening fiscal policy.

Response: The health service is undertaking comprehensive linked planning activities including the LANA (completed in December 2022), Clinical Services Plan (expected to be completed in October 2023), a Workforce Planning document informed by the finalised Clinical Services Plan and subsequent updating of the L2 Master Infrastructure Plan to be able to better ensure appropriate resourcing for projected service demand. These documents will promote the adoption of more contemporary models of care such as virtual care, hospital in the home and telehealth undertaken by multidisciplinary teams to complement existing inpatient and ambulatory care models.

Additionally, a number of the key health needs and associated service gaps will require the development of partnerships with other health service providers in areas such as primary health care, health promotion and aged care services.

Governance

Our people

Board membership

Mr Paul Bell AM (Board Chair)
Date of original appointment: 25 September 2015
Current term of office: 18 May 2020 – 31 March 2024

As well as being the Chair of our Board, Paul also holds the following positions:

- Chair, Central Highlands Healthcare Ltd Board
- Chair, Queensland Local Government Grants Commission
- Chair, Central Highlands Community Services.

Paul has a long history of board leadership in the health, energy, rail, superannuation and community service sectors. He has a strong belief in the public sector and its ability to deliver, given the right leadership and clear objectives. Paul was awarded the Order of Australia, General Division in 2005, and is a Member of the Australian Institute of Company Directors.

Dr Lisa Caffery
Date of original appointment: 18 May 2016
Current term of office: 10 June 2021 – 31 March 2024

Lisa is a non-executive director and business owner with strong governance, engagement, strategy and corporate social responsibility experience gained over 25 years. She has worked across the health, higher education, resource, and government sectors in regional Queensland. Lisa is based in Emerald. She is the founder and managing director of a small Environment Social Governance advisory firm. She is a social researcher who specialises in stakeholder relations, social impact and performance-led strategy development.

Lisa is the Deputy Chair of our Board and also holds the following positions:

- Chair, Sunwater Ltd Board

- Deputy Chair, CQShines Foundation.

She has undergraduate and postgraduate qualifications in communications and a PhD with a research focus on rural health equity and social impact. Lisa is also a graduate of the Australian Institute of Company Directors course.

Dr Poya John Sobhanian
Date of original appointment: 18 May 2016
Current term of office: 18 May 2021 – 31 March 2024

Poya is Chair of the CQHHS Audit and Risk Committee. Having a special interest in audit and risk, Poya has served on multiple audit committees across different fields, including in local government at Gladstone Regional Council, and in natural resources (water) at the Gladstone Area Water Board.

During his time as a local government Councillor, Poya was Chair of the Commercial Services Committee which had oversight of Council businesses such as water, the airport and the Entertainment Centre. Poya is a graduate of the Australian Institute of Company Directors. He is also a University of Queensland (UQ) trained dentist and is affectionately known by his patients as "Dr PJ". He did his university placements in Rockhampton, Yeppoon and Emerald public hospitals. Poya is driven by his passion for a healthier Queensland.

Professor Fiona Coulson
Date of original appointment: 18 May 2020
Current term of office: 18 May 2020 - 31 March 2024

Fiona has a background as a university teacher and researcher, primarily in medical science and pharmacology. She is currently Pro Vice-Chancellor Education Strategy at Charles Darwin University, following 18 years in Central Queensland working with The University of Queensland and CQUniversity.

Fiona grew up in small towns across outback Queensland. This makes her a powerful advocate for training, education and research in regional Australian communities. As a university leader, Fiona has been responsible for the development and delivery of a wide range of undergraduate and postgraduate courses in the health and medical sciences across Queensland. This has included the establishment of the Regional Medical Pathway, a collaboration between Central Queensland Hospital and Health Service, Wide Bay Hospital and Health Service, The University of Queensland and CQUniversity. The Regional Medical Pathway allows medical students to study, train and practise in Central Queensland and Wide Bay – helping to secure long-term, locally trained medical workforces for the regions.

Ms Tina Zawila
Date of original appointment: 18 May 2019
Current term of office: 1 April 2022 – 31 March 2026

As well as being a member of our Board, Tina holds the following positions:

- Non-Executive Director, Gladstone Area Water Board
- Non-Executive Director, Gladstone Airport Corporation
- Chair, CQHHS Finance and Performance Committee
- Chair, Gladstone Airport Corporation Finance and Audit Committee
- Member, Gladstone Airport Corporation Nominations, Remuneration and Human Resources Committee
- Member, Gladstone Area Water Board Audit and Risk Committee.

Tina is a chartered accountant, business advisor and professional director with over 35 years' experience in the finance industry. She's also a director of a public practice accounting firm in Gladstone. She sits on several local not-for-profit boards including Gladstone Area Group Apprentices Limited and Yaralla Sports Club. Tina is a graduate of the Australian Institute of Company Directors course and is a Fellow of the Institute of Managers and Leaders.

Mr John Abbott AM
Date of original appointment: 18 May 2021
Current term of office: 18 May 2021 – 31 March 2024

John has over 40 years' executive experience in company leadership and governance across a wide range of industries. As well as being a member of our Board, he also holds the following positions:

- Chairman, Queensland Pacific Metals Ltd
- Deputy Chairman, Regional Development Australia (Central and Western Queensland).

John was awarded Member of the Order of Australia in recognition of his contribution to education, regional development and to the resources Industry. Following the end of his term as Chancellor, Central Queensland University, he has been appointed as an Emeritus Chancellor in recognition of his contribution to the university. John is a Fellow of the Institution of Engineers Australia.

Ms Leann Wilson
Date of original appointment: 18 May 2019
Current term of office: 1 April 2022 – 31 March 2026

Leann sits on a number of state and national boards and holds the following positions:

- Managing Director, Regional Economic Solutions (RES)
- Non-Executive Director, Aboriginal Hostels Limited Board
- Non-Executive Director and Deputy Chair, The Healing Foundation
- Non-Executive Director, Gallang Place
- Non-Executive Director, Australian Rugby League Indigenous Council
- Non-Executive Director, Timber Queensland.

Regional Economic Solutions (RES) is a majority Indigenous owned business in partnership with the global engineering and project management company Ausenco. As the Managing Director of RES, Leann's focus is to identify opportunities to connect local businesses and employment into project supply chains. She supports business, government and Indigenous groups to create sustainable economic and social development outcomes.

In 2016, in recognition of her influence, Leann received the Premier's Reconciliation Award. She also joined the Australian Government and attended the 61st Commission on the Status of Women held in New York in 2017 as a non-government representative. Leann was recognised by the Financial Review as one of the top 100 women of influence in 2019.

Mr Matthew Cooke
Date of original appointment: 18 May 2019
Current term of office: 1 April 2022 – 31 March 2026

Matthew is a proud Aborigine and South Sea Islander from the Bailai (Byellee) people in Gladstone, Central Queensland. As well as being a member of our Board, he's also the CEO of Gladstone Region Aboriginal and Islander Community Controlled Health Service Limited t/a Nhulundu Health Service.

Matthew is actively involved in all aspects of Aboriginal and Torres Strait Islander affairs at national, state, regional and local levels. He's spent more than 10 years serving the Aboriginal and Torres Strait Islander Community Controlled Health Sector in Director and CEO roles. Matthew was named Young Leader in Aboriginal and Torres Strait Islander Health in 2007 and received the Deadly Vibe Young Leader Award in 2008. In 2011 he received the Australian Institute of Management 2011 Young Manager of the Year Award – Gladstone. Matthew is a member of the Australian Institute of Company Directors.

Ms Michelle Webster
Date of original appointment: 1 April 2022
Current term of office: 1 April 2022 – 31 March 2026

As well as a being a member of our Board, Michelle holds the following positions:

- Interim Chief Executive Officer Hinchinbrook Shire Council
- Member, CQHHS Finance and Performance Committee
- Member, CQHHS Risk and Audit Committee
- Member, CQHHS Investment, Research and Planning Committee.

Michelle has over 30 years' experience working in local government, including senior executive roles with Central Highlands Regional Council. Having lived and worked in Central Queensland for many years has given her a good understanding of the benefits and challenges our communities face living in rural and remote areas. Michelle has also managed commercial and housing portfolios, including Emerald Airport, Saleyards, Quarries, Property Acquisitions and Disposals.

She understands the importance of service provision to the community, having been responsible for the delivery of extensive capital works programs. Michelle has qualifications in accounting, leadership, project management and planning, and is a graduate and member of the Australian Institute of Company Directors.

Government bodies (statutory bodies and other entities)

Central Queensland Hospital and Health Board					
Act or instrument	*Hospital and Health Boards Act 2011*				
Functions	The Central Queensland Hospital and Health Board controls CQ Health				
Achievements	Reported throughout the Annual Report				
Financial reporting	Transactions of the entity are accounted for in the financial statements				
Remuneration: as listed below					
Position	Name	Meetings/ sessions attendance	Approved annual fee	Approved annual sub-committee fee per committee	Actual fees received
Chair	Mr Paul Bell AM	11 Board 31 Sub-committees	$75,000	$3,000 (member)	$87,000
Deputy Chair	Dr Lisa Caffery	11 Board 8 Sub-committees	$40,000	$4,000 (chair) $3,000 (member)	$44,000
Member	Dr Poya Sobhanian	8 Board 12 Sub-committees	$40,000	$4,000 (chair) $3,000 (member)	$50,000
Member	Mr Matthew Cooke	8 Board meetings 15 Sub-committees	$40,000	$3,000 (member)	$47,000

Member	Ms Leann Wilson	9 Board 4 Sub-committees	$40,000	$3,000 (member)	$43,000
Member	Ms Tina Zawila	10 Board 15 Sub-committees	$40,000	$4,000 (chair) $3,000 (member)	$47,000
Member	Professor Fiona Coulson	9 Board 8 Sub-committees	$40,000	$4,000 (chair) $3,000 (member)	$47,000
Member	Mr John Abbott AM	8 Board 14 Sub-committees	$40,000	$3,000 (member)	$46,000
Member	Ms Michelle Webster (appointed April 2022)	9 Board 16 Sub-committees	$40,000	$3,000 (member)	$47,000
No. scheduled meetings/ sessions	11 Board meetings 0 Special Meetings held 4 Executive Committee Meetings 6 Audit and Risk Committee Meetings 11 Finance and Performance Committee Meetings 4 Safety and Quality Committee Meetings 3 Aboriginal and Torres Strait Islander Health and Wellbeing Committee Meetings 4 Investment, Research and Planning Committee Meetings				
Total out of pocket expenses	$1,488.22				

Our committees

During the reporting period the Board had six committees – Executive Committee, Finance and Performance Committee, Quality and Safety Committee, Audit and Risk Committee, Aboriginal and Torres Strait Islander Health and Wellbeing Committee and Investment, Research and Planning Committee.

Executive Committee

The Executive Committee was chaired by Dr Lisa Caffery.

The Executive Committee is responsible for supporting the Central Queensland Hospital and Health Board in its role of overseeing the strategic direction of CQ Health. The Committee's scope is to work with the Health Service Chief Executive (HSCE) to progress the strategic issues identified by the Board. The committee therefore works in close cooperation with the HSCE to strengthen the relationship between the Board and the HSCE and to ensure accountability in the delivery of services by the health service.

Finance and Performance Committee

The Finance and Performance Committee was chaired by Ms Tina Zawila. The Finance and Performance Committee is responsible for monitoring and assessing the financial management and reporting obligations of the health service. It oversees resource utilisation strategies including monitoring the service's cash flow and its financial and operating performance. The committee is also responsible for bringing the attention of the Board to any unusual financial practices. The Finance and Performance Committee works in close cooperation with the HSCE and Chief Finance Officer.

Safety and Quality Committee

The Safety and Quality Committee was chaired by Professor Fiona Coulson.

The Safety and Quality Committee is responsible for advising the Board on matters relating to the safety and quality of health services provided by the service, including the service's strategies to address the maintenance of high quality, safe and contemporary health services to patients. The committee works in close cooperation with the HSCE, Executive Director Nursing and Midwifery, Quality and Safety, and the Director Shared Services.

Aboriginal and Torres Strait Islander Health and Wellbeing Committee

The Aboriginal and Torres Strait Islander Health and Wellbeing Committee was Chaired by Mr Matthew Cooke.

The Aboriginal and Torres Strait Islander Health and Wellbeing Committee's purpose is to support the Central Queensland Hospital and Health Board in providing strategic oversight of health and wellbeing of its Aboriginal and Torres Strait Islander communities through the development and subsequent delivery of initiatives in the context of the CQ Health Strategic Plan. The committee works in close cooperation with the HSCE and the Executive Director, Aboriginal and Torres Strait Islander Health and Wellbeing.

Investment, Research and Planning Committee

The Investment, Research and Planning Committee was chaired by Mr John Abbott AM.

The objectives of the Investment, Research and Planning Committee includes the oversight and reporting to the Board on matters of strategic importance relating to investment, research and capital planning across the Central Queensland Hospital and Health Service. The committee works in close cooperation with the HSCE and includes in its membership the Chair of CQShines, the Central Queensland Hospital Foundation.

Audit and Risk Committee

Members of the Audit and Risk Committee as at 30 June 2023 comprised:

- Chair: Dr Poya Sobhanian
- Members: Mr John Abbott AM and Ms Michelle Webster
- Mr Paul Bell AM (ex-officio Board Chair)
- The Committee has standing rights of attendance for the following positions:
    - HSCE
    - Chief Finance Officer, Assets and Commercial Services
    - Executive Director Nursing and Midwifery, Quality and Safety
    - Internal Audit
    - External Audit/Queensland Audit Office.

The Audit and Risk Committee has observed the terms of its charter and had due regard to the Audit Committee Guidelines. The Audit and Risk Committee considered recommendations made by the Queensland Audit Office including performance audit recommendations. The Audit and Risk Committee met five times over the reporting period.

The Audit and Risk Committee followed an approved work plan reflecting the committee's charter. The role of the committee is to provide independent assurance and assistance to the Board in the areas of:

- Risk, control and compliance frameworks

- External accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, the *Hospital and Health Boards Act 2011*, the *Hospital and Health Boards Regulation 2012* and the *Statutory Bodies Financial Arrangements Act 1982.*

The functions and responsibilities of the Audit and Risk Committee as contained in its charter and linked to the committee's work plan cover the areas of:

- Financial statements
- Integrity oversight and misconduct prevention
- Risk management
- Internal control
- Internal audit
- Compliance

Executive management

Dr Emma McCahon
Health Service Chief Executive

Dr Emma McCahon was appointed HSCE in April 2022. Emma has an extensive history in senior executive leadership and management in large health services. She has a strong clinical background and started her career as a paediatrician.

Before joining us, Emma was Executive Director, Medical Services at Western Sydney Local Health District. They had about 190,000 people presenting to emergency yearly and employed 11,000 staff. Emma was the professional lead for all medical staff. She was also responsible for clinical education and for $70 million in revenue for clinical trials. During her time at Western Sydney, her roles included Acting Executive Director Operations, Acting Chief Executive, and Pandemic Operations Centre Controller.

Emma was also previously Director of Clinical Operations for the Sydney Children's Hospitals Network. This included the Children's Hospital at Westmead and several statewide health services. She managed a budget of $740 million and 5000 staff, including nursing, allied health, medical, and clinical support staff. Emma has an Executive MBA, a Certificate in Advanced Quality Improvement and is a qualified executive coach.

Ms Nicole Trost
A/Chief Finance Officer, Assets and Commercial Services

Ms Nicole Trost is responsible for leading financial management and compliance, corporate services and asset management. Nicole joined the health service in 2019 as Director of Finance. She has more than 20 years' experience providing strategic business, accounting and taxation advice within various industries.

Nicole is skilled at managing and delivering operational results. She is passionate about continual business improvement and development. Nicole is a chartered accountant and holds a Bachelor of Commerce, Accounting and Finance.

Professor Pooshan Navathe
Executive Director Medical Services

Professor Pooshan Navathe is the professional lead for all medical staff in CQ Health. His role focuses on safety, quality, and system integrity. His special interests include:

- safety and governance
- educating and mentoring health professionals
- implementing change
- enabling colleagues to attain professional excellence in their practice.

Before joining us, Pooshan specialised in occupational and aviation medicine, leading teams in New Zealand and Australia. Pooshan has been a teacher for the past 30 years and holds academic positions in universities and professional medical colleges. He continues to research and has many publications to his credit.

Adjunct Professor Sue Foyle
Executive Director Nursing, Midwifery, Quality and Safety

Adjunct Professor Sue Foyle's experience as a nurse and midwife spans more than 30 years. She has extensive experience in midwifery, including management and leadership in maternity services and clinical governance. She also has expertise in intensive care and emergency nursing.

Sue is passionate about ensuring there are systems in place to maintain and improve the reliability, safety and quality of our healthcare services. She is well respected as both a national and international speaker on safety and quality in health care. Sue is a previous recipient of our Clinical Excellence Award. She also received the Outstanding Achievement in Nursing Award from the Association of Queensland Nursing and Midwifery Leaders in 2019. Sue is a graduate of the Australian Institute of Company Directors.

Ms Donna Cruickshank
Director Aboriginal and Torres Strait Islander Health and Wellbeing

Ms Donna Cruickshank started with CQ Health in June 2022 as our first Executive Director, Aboriginal and Torres Strait Islander Health and Wellbeing. Donna is responsible for delivering on the health and wellbeing needs of Aboriginal and Torres Strait Islander people in Central Queensland. She actively works with our families, communities, and Aboriginal and Torres Strait Islander health partners.

Before joining us, Donna held leadership and executive positions in NSW Health. She gained broad knowledge in Aboriginal health and workforce. Her work in Aboriginal employment and cultural education has won NSW Public Sector Awards. Donna holds a double Masters in Health Service Management and Planning.

Ms Shareen McMillan
Executive Director Workforce

Ms Shareen McMillan leads a team of 48 who work on key workforce projects, functions and activities including:

- strategic planning for workforce, cultural and organisational change, and organisational development including embedding values and staff recognition programs
- occupational health, safety and wellbeing
- recruitment and attraction
- business assurance and establishment management
- employee and industrial relations
- capability and leadership development programs.

Shareen has also worked in various government agencies, gaining extensive experience in:

- organisational and cultural change and development

- corporate services management and reporting
- training and development
- workplace health and safety
- employee and stakeholder engagement.

She has a degree in Communications, Japanese Language and Tourism, receiving high distinctions and a Japanese language award. She also has a Graduate Diploma in Business Administration and Management.

Ms Kerrie-Anne Frakes
Executive Director Allied Health Services

Ms Kerrie-Anne Frakes has more than 20 years' experience in developing, implementing and evaluating innovative models of care and workforce redesign. These have delivered transformational service changes and improved health outcomes. She has held an executive leadership role in CQ Health for the past 10 years. Kerrie-Anne was the first public podiatrist in the Central Queensland region, having arrived in 1999 on a Queensland Health Rural Scholarship Graduate for Podiatry. She has since held strategic leadership roles as well as operational leadership roles including:

- Executive Director for the Rockhampton Business Unit - including Rockhampton Hospital, Mental Health, Offender Health, Capricorn Coast Hospital and Mt Morgan
- Director of Clinical Support Services
- Executive Director of Strategy, Transformation and Allied Health.

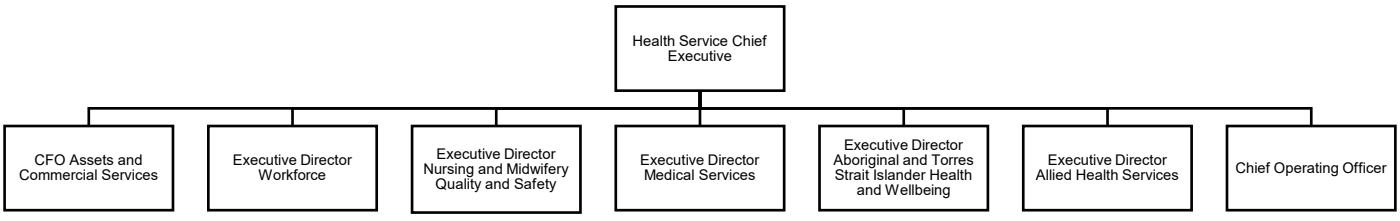
She has won state and national awards for innovative models of care and has an extensive publication history in chronic disease management and service delivery evaluation. She holds Masters qualifications in Health Administration. She's passionate about regional and rural community capacity with a focus on workforce sustainability and care for patients closer to home.

Ms Pauline McGrath
Chief Operating Officer

Ms Pauline McGrath has a history of strong leadership, with 12 years of international executive and senior management experience across health systems in Ireland, Australia, New Zealand, and the United Kingdom.

Before joining us, Pauline was Chief Operating Officer at Counties Manukau Health in Auckland, New Zealand. Pauline dedicates her career to providing safe, quality healthcare services. Pauline has an MBA in Healthcare Management.

Organisational structure and workforce profile



Health Service Chief Executive

The HSCE is responsible for the daily management of the health service and implementing the Board's strategic objectives and direction.

Chief Finance Officer Assets and Commercial Services

Areas of responsibility:

- Budget and performance including decision support and management accounting
- Financial control including finance and revenue
- Assets and commercial services including support services, building and maintenance services, infrastructure delivery and travel
- Information and technology including clinical coding, information and training, health information management and patient information services
- Corporate governance including contracts management

Executive Director Medical Services

Areas of responsibility:

- Professional leadership for all medical staff in CQ Health
- Medical workforce recruitment, credentialing, training and education
- Public Health Unit
- Service transformation
- Project Management Office

Executive Director Nursing and Midwifery, Quality and Safety

Areas of responsibility:

- Professional leadership for nursing and midwifery staff across CQ Health.
- Leadership of the Quality and Safety Department
- Development and implementation of quality and safety systems and processes

Executive Director Aboriginal and Torres Strait Islander Health and Wellbeing

Areas of responsibility:

- Aboriginal and Torres Strait Islander health and wellbeing
- CQ Health Closing the Gap strategies and initiatives
- Cultural capability
- Health equity

Executive Director Workforce

Areas of responsibility:

- Human resource services including employee relations, recruitment services and business assurance and establishment
- Performance and culture including organisational development, learning and development and human resource and learning systems
- Safety and wellbeing

Executive Director Allied Health Services

Areas of responsibility:

- Professional leadership for allied health practitioners and clinical assistants across the health service
- Allied Health Education, Research and Workforce Development

Chief Operating Officer

Areas of responsibility:

- day-to-day delivery of operational excellence in clinical and clinical support services across the following service areas:
    - Central Highlands
    - Gladstone and Banana
    - Rockhampton, Capricorn Coast and Mount Morgan
    - Mental Health, Alcohol and Other Drugs Services
    - Nursing Aged Care Clinical and Rehabilitation Services
    - Capricornia Offender Health Service
    - Central Queensland Integrated Care.

Strategic workforce planning and performance

The CQ Health Workforce Strategy 2020 – 2030 (the Workforce Strategy) aligns with the Queensland Government Public Service Commission Strategic Workforce Planning Framework and outlines our priorities:

- Attract and retain people with the right skills and capabilities, and engage and retain our great people
- Build an inclusive and diverse workforce that better reflects the communities we serve
- Address our ageing workforce through robust career and succession planning for critical roles and plan for the future workforce
- Create healthy and safe workplaces where mental, physical, social, financial and workplace wellbeing is supported and our great people can thrive and achieve their best
- Build capacity and resilience to allow our people to respond to the changing environment enabling them to reach their best potential

This year's emphasis was on attracting and retaining people. The Recruitment and Retention Working Group continues to action strategies to attract and retain the right fit and enable hiring managers to successfully recruit to fit. Achievements included establishing partnerships and networks to enhance recruitment processes, publication of a new Recruitment Kit and revision of training programs to support recruitment panels.

The Recruitment and Retention Working Group identified key activities to champion during 2022-2023, with focus areas being:

- Development of targeted recruitment and retention strategies for priority workforce groups to support the retention of skilled staff in rural and regional areas
- Supporting the retention of clinical staff to ensure skills, capability and experience is maintained
- Implementing streamlined recruitment approaches to support timely filling of vacancies and maintain healthy workload

The Workforce Strategy continues to support the integrated planning for service and infrastructure expansions, with the CQ Health Infrastructure Delivery Unit and CQ Health Workforce Planning team collaborating to develop and deliver workforce plans, operationalising Capital Infrastructure Projects.

The CQ Health Workforce Planning team continued work with CQ Health business units, supporting the development of local plans to ensure a flexible and responsive workforce in alignment with the Workforce Strategy.

Implementation of the Workforce Strategy continues, and progress is reported biannually to the CQ Health Quality and Safety Board Committee, with review scheduled for the first quarter of 2023-2024.

Organisational Cultural Strategy

The *Organisational Cultural Strategy 2020-2030* implementation plan continues to build on its strategic objectives.

Staff are encouraged to provide feedback and ideas via the Culture Pulse Staff Engagement Survey and the “Share your Ideas” online portal. Virtual Think Tanks and a “Festival of Courageous Ideas” have given staff another avenue to promote improvement suggestions and advocate for Executive sponsorship/endorsement.

The Working for Queensland Survey and internal Pulse surveys continue to be essential tools to collect feedback, with analysis of the data and action plans developed to inform key initiatives for implementation by the organisation aimed at delivering best practice cultural outcomes.

Review of the *Organisational Cultural Strategy 2020-2030* will occur after the Workforce Strategy review, which is planned for the second quarter of 2023-2024.

Leadership Development

The Leadership and Management Development Program aligns with the CQ Health Leadership and Management Development Framework to inform aspiring, new and current leaders. Information is provided on recommended development activities to prepare, develop and enhance values-driven leadership skills and experience. The program has been designed as a guide for staff at each of the five leadership levels in the Framework of Leading Self, Leading Others, Leading Teams, Leading Leaders, and Leading Organisations. The Program and Framework work together to give supervisors clear behaviour and experience expectations and help build skills and expertise where needed.

CQ Health has continued to focus on increasing our leadership and management capability and investing in our leaders in partnership with the Centre for Leadership Excellence. A combined suite of internal and Centre for Leadership Excellence programs is focussed on building leadership, management capability, human resource and financial knowledge, and continue to be delivered to a wide cross section of staff. The suite includes:

- Communicating for Outcomes
- Executive and Board Teaming
- Inspiring Leaders
- Leaders’ Induction
- Leadership Summits
- Manage4Improvement
- Management Essentials Series
- Mentoring
- Step Up.

Leadership Summits

As part of our CQ Health strategic plan performance indicator to deliver 'Great People, Great place to Work', a total of 140 leaders within the organisation have now received leadership development training and support. During the reporting period CQ Health hosted a Leadership Summit, with just under 100 attendees, designed to increase the leadership and management capability by investing in existing and emerging leaders. The summit provided valuable networking opportunities for senior staff who work across the geographic expanse of Central Queensland, with participants discussing strategies; hot issues; and helping to identify key priorities for improvement.

Virtual think tanks

Virtual think tank sessions were introduced to assist in the refresh of the Destination 2023 strategic vision. Staff were invited to submit their courageous ideas to improve caring for our people in the focus areas of leadership, culture, workforce wellbeing and sustainable future.

More than 50 ideas were submitted with some of those ideas identified as 'just do its' and fast tracked for implementation. Others continue to be reviewed and actioned through the Strategic Workforce Committee. Four significant ideas were chosen to be 'pitched' at the inaugural festival of courageous ideas.

Festival of courageous ideas

More than 130 staff attended this fun, virtual session where some of the best ideas to care for our people from the virtual think tank were 'pitched'. All staff were invited to hear and vote on the innovative suggestions for development, and ultimately, implementation into the organisation.

The four ideas presented were:

- Improved access to sustainable health food options and easier access to good coffee within Gladstone Hospital
- Revamp leadership and workforce development programs by implementing the Unlearning Initiative: Leading with Purpose. This was the winning idea, with the most votes from staff.
- Implementation of a CQ Health Neurodiversity policy
- Implementation of Clinical Trials as standard care throughout CQ Health.

All four ideas received executive support to become key deliverables as part of our Destination 2030 Refresh Action Plan.

Medical leadership bootcamp

CQ Health held a reflective leadership program incorporating Clinical Directors, Executive Leadership and Senior Leadership Teams with more than 90% of invited participants attending. The bootcamp aimed to develop team building and provide an opportunity to explore new ways of working in the context of the organisation's new structure, new leaders and new team members. The first bootcamp was held over several sessions during March 2023 with a high level of participant engagement and positive feedback. The bootcamp participants identified many value-adding leadership development ideas and opportunities for the future. Follow-up sessions to build on this initiative are planned for the second half of 2023.

Workforce diversity and inclusion

CQ Health recognises our diverse workforce and acknowledges the value of our cultural differences and the importance of inclusion as essential to delivering a culturally capable service to

our patients. One of the *Organisational Cultural Strategy 2020-2030* objectives is to create pathways that allow us to build a diverse, inclusive and culturally capable workforce.

CQ Health has a dedicated CQ Health Diversity, Equity and Inclusion Sub-Committee which includes priority group representation, and the CQ Health Diversity, Equity and Inclusion Annual Action Plan. In 2022-2023 actions included:

- Promotion of a diversity and inclusion training suite
- Development of a diversity and inclusion intranet page
- New diverse and inclusive CQ Health signature block for employees
- Equal employment opportunity diversity data capture
- New diversity and inclusion data dashboard
- Updated the information for applicants' recruitment document (companion to all role descriptions) to include information about diversity and inclusion
- Researched neurodiversity education for workforce

Current diversity priority groups which are a focus for CQ Health are:

- Aboriginal and Torres Strait Islander peoples
- People with disability
- Mature aged (45 and over)
- Youth (under 25 years)
- Culturally and linguistically diverse people
- LGBTIQ+ people
- Australian South Sea Islander people; and
- Gender equity

Safety and wellbeing

CQ Health is committed to providing a safe work environment where workers are free from physical and psychological harm and empowered to deliver great care for Central Queenslanders.

Continuous improvement of the Health, Safety and Wellbeing Management System is ongoing with the health service participating in several large bodies of work:

- Rehabilitation and return to work processes external review
- Gas handling and storage review
- Deloitte Health, Safety and Wellbeing Management System audit
- Occupational Violence Risk Assessment risk rating
- Psychosocial Risk Assessment.

In our continued efforts to support the psychological wellbeing of our workforce, CQ Health introduced Thriving on Thursdays. This initiative provides seven virtual counselling sessions every fortnight dedicated to CQ Health staff, over and above the six annual Employee Assistance Service (EAS) sessions. On-the-ground support continues to be used across the health service to provide support to our workers for critical incidents and non-urgent workload matters.

CQ Health held an annual Safety and Wellbeing Expo for employees that addressed physical, mental, social, financial and workplace wellbeing.

The Safety and Wellbeing team remains active in providing advice, direction and information for infrastructure development projects and refurbishments and general building and maintenance work to ensure compliance and support healthy and safe work environments and practice.

Fourteen investigations into notifiable and critical incidents resulted in numerous recommendations to support continuous improvement of the Health, Safety and Wellbeing Management System.

CQ Health's commitment to worker consultation continued with our Health and Safety Representative Network quarterly meetings, and annual half-day forum focusing on practical skills presented by Workforce Safety Wellbeing.

Workforce profile

CQ Health is committed to building a diverse, equitable and supportive workplace and a workforce that is reflective of the communities we service.

CQ Health has expanded its Aboriginal and Torres Strait Islander Health and Wellbeing Directorate to include Identified positions across Central Queensland. This has achieved a supportive and culturally safe environment for Aboriginal and Torres Strait Islander employees within the organisation and a consistent and reliable source of expert information for the organisation. The dedicated unit is focussed on improving health equity and increasing workforce participation for community members throughout the region. CQ Health achieved the target for Aboriginal and Torres Strait Islander participation in its workforce for 2022-2023 and aims for greater representation in the coming year.

Many CQ Health staff, particularly in our medical and clinical professions, originate from overseas and therefore culturally and linguistically diverse backgrounds are strongly represented. This encourages multicultural interactions and support is provided consistently and equitably for all staff. Maintenance of current workforce participation rates is key for coming years.

Women are also predominant in the health industry. Following the executive restructure occurring in late 2022, CQ Health continues to meet the target of 50 per cent of women in senior leadership roles.

People with disability appear under-represented in CQ Health; however, there is some evidence to indicate that this may not be a true reflection of the workforce profile. As part of the culture strategy, work continues to promote that CQ Health is a safe and supportive workplace where individuals may confidently disclose diversity information. It is important for staff to know their personal data, captured via the equal employment opportunity diversity portal, is securely maintained and only statistical data is provided in line the *Information Privacy Act 2009*.

In addition to prescribed diversity priority groups, CQ Health also promotes, encourages and monitors data collection for LGBTIQ+ and Australian South Sea Islander peoples within the workforce.

Like many organisations, CQ Health faces challenges of an ageing workforce. Representatives from the service attended numerous school and industry career expos, as well as the CQUniversity careers event, throughout the year. Our representatives share a passion to recruit youth and other under-represented diversity groups to the range of professions available in CQ Health.

Total Staffing	
Headcount	4,400
Paid FTE	3,499.81

Occupation Types by FTE	**FTE**	**%**
Corporate	207.78	5.94%
Frontline	2,395.84	68.46%
Frontline Support	896.19	25.61%

Appointment Type by FTE	FTE	%
Permanent	2,657.93	75.94%
Temporary	657.04	18.77%
Casual	176.36	5.04%
Contract	8.48	0.24%

Employment Status by Headcount	Headcount	%
Full-time	2,048	46.55%
Part-time	1,946	44.23%
Casual	406	9.23%

Figure 1: Gender

Gender	Number (Headcount)	Percentage of total workforce (Calculated on headcount)
Woman	3,591	81.61%
Man	804	18.27%
Non-binary	5	0.11%

Figure 2: Diversity target group data

Diversity Groups	Number (Headcount)	Percentage of total workforce (Calculated on headcount)
Women	3,591	81.61%
Aboriginal and Torres Strait Islander Peoples	159	3.61%
People with disability	112	2.55%
Culturally and Linguistically Diverse – Speak a language at home other than English^	575	13.07%

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

Figure 3: Target group data for Women in Leadership Roles

Women (Headcount)	Women as percentage of total leadership cohort (Calculated on headcount)
Senior Officers (Classified and s122 equivalent combined)	75%
Senior Executive Service and Chief Executives (Classified and s122 equivalent combined)	75%

Early retirement, redundancy and retrenchment

No redundancy/early retirement/retrenchment packages were paid during the period.

Open Data

CQ Health has Open Data to report on consultancies, overseas travel and the Queensland Language Services Policy. The data can be found on the Queensland Government Open Data Portal[1].

Our risk management

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

Internal audit

CQ Health has partnered with Sunshine Coast Hospital and Health Service to establish an effective, efficient and economical internal audit function. The function provides independent and objective assurance and advisory services to the Board and executive management. It enhances CQ Health's governance environment through a systematic approach to evaluating internal controls, governance and risk management processes.

The function has executed the strategic and annual audit plan prepared as a result of the review of significant operational and financial risks, materiality, contractual and statutory obligations and consideration of other assurance providers. Following consultation with the Audit and Risk Committee and executive management, the plans were approved by the Board.

The audit team are members of professional bodies including the Institute of Internal Auditors, Certified Practising Accountant Australia (CPA) and the Information Systems Audit and Control Association (ISACA). The health services continue to support their ongoing professional development.

External scrutiny, information systems and recordkeeping

External scrutiny

A number of reports conducted by the Queensland Audit Office have involved the health sector, for example:

- Health outcomes for First Nations people (Report 14:2022-23)
- State entities 2022 (Report 11:2022-23)
- Health 2022 (Report 10:2022-23)
- Managing workforce agility in the Queensland public sector (Report 6:2022-23)

Information systems and recordkeeping

There have been no changes to our functions, responsibilities or regulatory requirements to require changes to our record-keeping systems, procedures and practices. The health service has a formal policy in place in accordance with the purpose of the *Public Records Act 2002*, detailing the roles and responsibilities of staff for records management function and activities. Training for staff in the making and keeping of public records in all formats, including emails, is available online.

[1] https://www.data.qld.gov.au

CQ Health is committed to transitioning from paper to digital records. Paper records required to be kept in accordance with the applicable destruction and retention schedules are being captured and managed through the records management system. Public records are being retained as long as they are required, in accordance with general or core retention and disposal schedules. Over the course of the financial year, CQ Health followed the General Retention and Disposal Schedule for its record disposal program.

CQ Health not being an ieMR (integrated electronic Medical Record) site, has continued to be challenging, as the number of paper-based clinical records continues to grow, leading to storage being at capacity in many primary, secondary and tertiary record storage areas.

The efficient disposal of clinical records continues to be a challenge, noting the new *Health Sector (Clinical Records) Retention and Disposal Schedule* was introduced in July 2021, replacing previous QDAN 683 v.1.

During the reporting period CQ Health was not required to submit any Lost Records to the Queensland State Archives.

CEO Attestation of IS18:2018 (ISMS) information security risk

During the 2022-2023 financial year, CQ Health has an informed opinion that information security risks were actively managed and assessed against CQ Health'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).

Queensland Public Service ethics and values

CQ Health is committed to upholding the values and standards of conduct outlined in the Code of Conduct for the Queensland Public Service, which was developed in accordance with four core principles contained within the *Public Sector Ethics Act 1994*:

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

All staff employed by CQ Health are required to undertake training in the Code of Conduct for the Queensland Public Service during their orientation and refamiliarise themselves at regular intervals.

Code of Conduct training incorporates the principles of the *Public Sector Ethics Act 1994* and was delivered as a part of New Starter Orientation each month. It was also available online for mandatory completion meeting the requirements s12K of the *Public Sector Ethics Act 1994* by all staff as part of the Ethics, Integrity and Accountability eLearning course, with compulsory refresher training required annually.

The Code of Conduct for Queensland Public Service, CQ Health procedures, Queensland Health policies and links to relevant information and resources are available via CQ Health intranet site. Code of Conduct training and staff orientation covers the appropriate requirements with a focus on:

- Operation of the *Public Sector Ethics Act 1994*
- Application of ethics principles and obligations to the public officials
- Rights and obligations of the officials in relation to contraventions of the approved code of conduct

- Workplace Harassment

Regular reviews of all human resource governance documents are conducted in line with the schedule of renewal and documents are updated as required. Additional updates or rewrites are undertaken as necessary due to changing legislation, work practices or other impacting influences. When required, new documents are developed in line with legislation or industrial award changes to ensure a full suite of governance documents are always available to staff. All documents are developed using the current CQ Health templates and style guides and are in line with content guidelines.

As required by the *Public Sector Ethics Act 1994*, the Code of Conduct for the Queensland Public Service has been in place since 2011 and applies to all health service staff, volunteers, students and contractors. Queensland Health policies and procedures provide for the performance management framework including mandatory requirements for orientation induction and training and performance management in alignment with the *Public Service Commission Positive Performance Management Directive 15/20*.

Human rights

CQ Health has continued to strengthen a culture of human rights through ongoing implementation of a comprehensive program aimed at increasing awareness of the *Human Rights Act 2019* at all levels of the organisation. CQ Health has focussed on empowering and building awareness with the Central Queensland community and our health service staff and consumers.

CQ Health continues to monitor and report consumer feedback that involves any alleged breach of human rights. Seven complaints referring to human rights were received in the July 2022 to June 2023 reporting period.

Of the seven complaints six have been investigated and closed with one currently in the review process. Governance committees, including Statewide departments are provided with progress reports to support ongoing monitoring and governance oversight.

CQ Health continues to assess all policies, procedures and documentation for compatibility with the *Human Rights Act 2019*.

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

Non-financial performance

Strategic objective and performance indicators	Our performance
Great Care, Great Experience *Safe, compassionate care, delivered to the highest standards, close to home, with consumers at the heart of all we do* • Meet the service objectives identified in the Service Delivery Statement • 5% reduction in smoking rate • 5% annual increase in Telehealth appointments reflecting reduced patient travel • 5% annual increase in (non-COVID-19) Hospital in the Home admissions • Reduce patient travel through increased use of hospital avoidance measures including Telehealth and Hospital in the Home. • Increase in compliments received year on year	The health service's performance against Service Delivery Statement targets is shown on page 33. The health service's ability to meet the targets has been negatively impacted by: • an increase in non-acute patients awaiting alternative community or residential aged care placement • recruitment difficulties impacting on key clinical positions reducing our capacity in areas such as Elective Surgery and Specialist Outpatients. Since the 10000LivesCQ program was launched in November 2017, the daily adult smoking rate in Central Queensland has decreased from 16.7% to 12.8%, delivering a 23% reduction in the smoking rate against the 5% target. Since the launch there have been over 15,000 Quitline registrations from Central Queensland. The CQ Quitline Registrations are consistently the highest of the Queensland Quitline Rural, Regional and Remote program. Telehealth appointments, and Hospital in the Home admissions continue to reduce the need for patient travel. There was a 2% increase in telehealth appointments, with 18,636 telehealth outpatient service events in the reporting period, compared with 18,274 in the previous year. This increase, while short of the 5% goal, was achieved despite challenges with medical staffing numbers. Telehealth activity was in line with general outpatient activity performance across the health service, which did not increase due to recruitment difficulties and inpatient workloads, which required teams to focus on inpatient and patient flow within acute facilities. Hospital in the Home admissions increased by 24% in 2022-2023. During the reporting period, 935 compliments were received compared with 1005 compliments in 2021-2022. During the reporting period there has been an increase in the availability of Patient Reported Experience Measure

	Surveys which provides consumers with the opportunity to provide both positive and negative feedback through an automated text message (SMS) process. It is possible that this additional feedback method may be an influencing factor to the slight decrease in compliments received.
Great People, Great Place to Work *Great staff working in great teams with a culture of supporting and investing in our people's future* • Workforce retention rates improve • Improvement against Working for Queensland key indicators • Aboriginal and Torres Strait Islander people's employment targets met • Rate of locum and agency staff usage is reduced • 150 staff receive leadership training	A measure of the service's ability to retain staff is the permanent separation rate. During 2022-2023 the permanent separation rate was down to 8.95 per cent from 10.04% in 2021-2022. The Working for Queensland survey response rate for CQ Health was 32%, which was above the average for Hospital and Health Services. Assessing improvement against the 2022 survey's key indicators is difficult due to a different reporting model being used for 2023. Key findings from the responses indicated staff felt respected in their workgroup, believed their work has a positive impact on the lives of the people of Queensland and feel supported in their workgroup to discuss workload challenges and manage workload as a team. The survey also found that staff would have liked more clarity on what is needed to do their job effectively and to meet their manager's performance expectations, felt our organisation needs to focus on staff experience of fair and equitable treatment and would like to see more attention in teams to encourage wellbeing and address emotional exhaustion. Staff want more transparency, better communication and an increased focus on modelling values in the workplace from senior leadership and executive. To address key findings, all line managers were provided with a toolkit to help facilitate discussions and to develop action plans based on the results for their areas. Executive and senior leaders encouraged managers to identify what their teams were doing well and what could be improved as part of those actions. CQ Health began a refresh of the Destination 2030 strategic vision with a focus on leadership, culture and workforce wellbeing. Minimum employment targets were met for Aboriginal and/or Torres Strait Islander staff, averaging 3.41% throughout the reporting period, reaching a June 2023 total of 3.61%, against a minimum target of 3.0%.

	The rate of locum usage reduced by 3.8%, however the rate of agency usage increased significantly during the period. This is a result of the increased nursing workforce recruitment challenges. 140 leaders within the organisation received leadership development training and support. CQ Health introduced a new collaborative leadership development program encouraging higher levels of participation across all streams and classification levels within the workforce. This resulted in a change to the format of previous leadership summits with a move into the more interactive Virtual Think Tank model. Participation is expected to increase over the next year.
Great Learning and Research *Great place to learn, research and shape the future of healthcare* • Increased number of peer reviewed publications from staff • Increased internal and external funding for research • Increased number of postgraduate research student supervision • Increased participation (and locally led) clinical trials including Teletrials • Establish a Clinical Trials Unit/Clinical Research Unit to support research	During 2022-2023 there were 35 peer reviewed articles by CQ Health staff, compared with 54 in 2021-2022. Articles have a variable lag time between submission, acceptance and publication which is dependent on the journal, the peer review process, and COVID-19 interruptions (and the prioritising of COVID-19 research and publication) in recent years. This means that the timing of an article being published is not a reliable reflection of research output in the last two reporting periods. There has been increased funding for research, with $134,000 received from the Queensland Department of Health for Japanese Encephalitis surveillance program and a further $25,000 from Sydney's Children's Hospital Network via the Australian Government Department of Health. Funding of $11,355 was also received from The Council of the Queensland Institute of Medical Research to develop cultural sensitivity and capability to improve mental health outcomes for Aboriginal and Torres Strait Islander peoples. CQ Health is developing its own research strategy that is aligned with *Queensland Health 10-year Research Strategy 2032*. This will include a focus on increasing the number of postgraduate research student supervision and how such activities can be measured and reported. CQ Health continues to increase the availability of clinical trials including Teletrials to Central Queenslanders. CQ Health is working closely with the Queensland Clinical Trials Coordination Unit (QCTCU) in the Office of

	Precision Medicine and Research (OPMR) to ensure that it aligns with Queensland Health's *Strategic Action Plan for Increasing Commercial Trial Activity 2022-2025*. As the availability of clinical trials expands CQ Health will evaluate the need to establish a Clinical Trials Unit/Clinical Research Unit to support research.
Great Partnerships *Working collaboratively with our partners to deliver great care and improve the health of Central Queenslanders* • Service Level Agreements established with private service providers • Full medical program is delivered in partnership with key providers • Aboriginal and Torres Strait Islander community is involved in the codesign of culturally appropriate care • Partner with General Practitioners and pharmacies to maintain high level COVID-19 protection in the Central Queensland community • Effective public-private model implementation at Gladstone West Wing	CQ Health continues to establish Service Level Agreements with private service providers as required (for example, to provide services such as radiology and ophthalmology). The Regional Medical Pathway partnership achieved significant milestones, including the first cohort of the University of Queensland's Doctor of Medicine Regional Medical Pathway students commencing in February 2023. The second cohort of CQUniversity's Bachelor of Medical Science (Pathway to Medicine) students commenced in March 2023, with four local Rockhampton high school students amongst the cohort. The Regional Medical Pathway has also developed a survey, inviting all CQ Health Medical Officers to respond to questions regarding wellbeing, with focus groups to follow up on the data. Central Queensland Public Health Unit (CQPHU) continues to maintain a strong relationship with the local General Practitioners (GPs) and the Primary Health Network (PHN). Relevant COVID-19 information for General Practitioners is shared via the PHN or during GP face-to-face information nights hosted by CQPHU. To ensure a safe COVID-19 vaccine implementation program CQPHU supports all GPs and vaccine service providers in the areas of expert immunisation advice, vaccine cold chain management (including cold chain breaches) and Adverse Events Following Immunisation. CQPHU also works collaboratively with CQ Health senior pharmacy staff who liaise directly with private pharmacies for the purpose of COVID-19 antivirals stock levels during outbreaks in residential aged care facilities. Collaboration and awareness of COVID-19 antiviral stock level and location across the region is paramount for timely outbreak management for this vulnerable population to reduce the duration and severity of outbreaks and minimise the incidence of hospitalisation, morbidity and mortality.

	CQ Health's Aboriginal and Torres Strait Islander Health and Wellbeing Unit continued engagement activities to deliver culturally appropriate services. The Health Equity Partnership Committee has been established with partners to provide advice, oversight and monitoring for the Health Equity Implementation. The Executive Director Aboriginal and Torres Strait Islander Health and Wellbeing has established meetings with Bidgerdii Health Service; Yoonthalla Health Service; and Helem Yumba and commenced discussions regarding coordinated services and shared resources. New operating theatres in Gladstone Hospital's West Wing were commissioned in April 2023. The West Wing now houses Perioperative Services, Cancer Care Services, Radiation Oncology Satellite Telehealth Service, Patient Travel office, and visiting private specialists and private health service providers such as Coral Coast Surgical Specialists, GenesisCare, I-MED Radiology, and CQ Eye.

Sustainable Future
 	
Securing the future of great healthcare with efficient, effective, affordable and sustainable services
 	
• Break even to 1% budget surplus for reinvestment
• Continue development of or open:
  ○ Woorabinda MPHS upgrade including construction of a 14 aged care bed facility, new kitchen, and laundry expansion
  ○ Moura MPHS 8 bed aged care extension
  ○ Rockhampton Mental Health Inpatient Unit expansion and upgrade
  ○ Blackwater MPHS replacement
  ○ Rockhampton Hospital cardiac theatre.
• 5% annual reduction in medical labour spend on locums
	CQ Health has recorded a 2% operating deficit for the 2022-2023 financial year. This is mainly due to workforce challenges. The pressures of clinical staff vacancies resulted in engaging higher premium labour through overtime and locum and agency staff to fill rosters to deliver quality safe patient care. Repairs and maintenance were another cost pressure, due to ageing infrastructure and changing legislative compliance considerations to maintain safe space for staff and patients. The health service continues to focus on key initiatives to ensure it can deliver quality, safe sustainable care to patients of Central Queensland within the Service Agreement KPIs.
	
	Work continues with Health Capital Division on the following projects:
	
	• Woorabinda MPHS upgrade – Whilst released to market the market approach was unsuccessful and alternative procurement methodologies are being considered.
	• Moura MPHS Aged Care Expansion – Finalisation of the design is under way.
	• Rockhampton Hospital Mental Health Ward Expansion – Design and construct tender

	documentation is being prepared for the project, to be released to the market. • Blackwater MPHS Replacement – Hutchinson Builders has been awarded the tender with works to commence in the last quarter of 2023. • Rockhampton Hospital Cardiac Services Expansion – Design and construct tender documentation is being prepared for the project, to be released to the market. The medical labour spend on locums increased by 9% in 2022-2023. This is due to increased medical workforce challenges. CQ Health continues to focus on recruitment strategies.

Service standards

Central Queensland Hospital and Health Service	2022-2023 Target	2022-2023 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes		
• Category 1 (within 2 minutes)	100%	100%
• Category 2 (within 10 minutes)	80%	74%
• Category 3 (within 30 minutes)	75%	65%
• Category 4 (within 60 minutes)	70%	77%
• Category 5 (within 120 minutes)	70%	92%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department	>80%	70%
Percentage of elective surgery patients treated within the clinically recommended times[1]		
• Category 1 (30 days)	>98%	81%
• Category 2 (90 days)[2]	..	51%
• Category 3 (365 days)[2]	..	43%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days[3]	<2	1.0
Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit[4]	>65%	49.7%
Proportion of re-admissions to acute psychiatric care within 28 days of discharge[5]	<12%	8.7%
Percentage of specialist outpatients waiting within clinically recommended times	98%	50%
• Category 1 (30 days)	..	32%

• Category 2 (90 days)[6] • Category 3 (365 days)[6]	..	58%
Percentage of specialist outpatients seen within clinically recommended times • Category 1 (30 days) • Category 2 (90 days)[6] • Category 3 (365 days)[6]	 98%	 78% 40% 50%
Median wait time for treatment in emergency departments (minutes)	..	15
Median wait time for elective surgery treatment (days)[1]	..	56
Efficiency measure		
Average cost per weighted activity unit for Activity Based Funding facilities[7]	$4,953	$5,804
Other measures		
Number of elective surgery patients treated within clinically recommended times[1] • Category 1 (30 days) • Category 2 (90 days)[2] • Category 3 (365 days)[2]	 1,876	 1,314 733 374
Number of Telehealth outpatients service events[8]	20,981	18,636
Total weighted activity units (WAU)[9] • Acute Inpatients • Outpatients • Sub-acute • Emergency Department • Mental Health • Prevention and Primary Care	 54,070 15,179 5,925 20,706 5,192 2,703	 48,918 12,245 6,658 19,663 5,104 2,579
Ambulatory mental health service contact duration (hours)[10]	>38,352	29,537
Staffing[11]	3,444	3,500

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.

Financial summary

CQ Health reported a total comprehensive income surplus result of $63.329 million (including a revaluation surplus of $80.620 million through other comprehensive income) and an operational deficit of $17.291 million against a budgeted break-even position.

The main reasons for the deficit position are:

- CQ Health was below the activity targets for both general activity and oral health
- Patient travel cost pressure compared to funding
- Repairs and maintenance cost pressure due to ageing infrastructure
- Drugs cost pressure due to change and reduction in reimbursement of Pharmaceutical Benefits Scheme category
- Labour cost pressure as a result of workforce recruitment challenges and increased reliance on premium labour.

Expenses totalling $823.279 million were recorded being an increase of $58.073 million (7.6 per cent) compared to prior year. In the 2022-2023 financial year the health service has seen a number of Enterprise Bargaining Agreements being certified making up the labour expenditure movement from the prior year. Funding has been received or recognised to offset the Enterprise Agreements that have been certified.

The cash and cash equivalents balance as at 30 June 2023 is $8.703 million which includes $2.003 million in trust funds. This is a decrease of ($4.170 million) in cash in comparison to the 2021-2022 financial year.

Property, plant and equipment - impact of valuations:

- AECOM, and McGee's have undertaken 18 building, four site improvements and nine parcels of land as comprehensive revaluations in the 2022-23 financial year.
- The State Valuation Service (SVS) undertook 19 indexation valuations across the land assets.
- Indexation of 12 per cent for buildings has been applied in the 2022-2023 financial year, resulting in a building current replacement cost net increment of $79.855 million.
- Building and land asset revaluation reserve increased from $75.317 million to a year-end balance of $155.937 million. This has resulted in $80.620 million being included as other comprehensive income on the Statement of Comprehensive Income, bringing the total comprehensive income to $63.329 million.
- $30.330 million has been received as equity injections from the Department in relation to minor capital works for various projects in the 2022-2023 financial year. The amount of $18.237 million was received in the 2021-2022 financial year.
- The carrying value of property plant and equipment is $533.634 million, an increase of $66.468 million compared to the prior year.

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, CQ Health had reported deferred maintenance of $28.089 million.

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

- seek assistance from Sustaining Capital Program
- increase the operational maintenance budget by 2.5 per cent
- engagement of Asset Planner position to assist with managing the minor capital and five-year replacement plan

Key financial highlights are outlined in the table below:

Measures	2022-23 Actuals $'000s	2021-22 Actuals $'000s
Income	805,988	766,972
Expenses	823,279	765,206
Operating result	(17,291)	1,766
Cash and cash equivalents	8,703	12,873
Total assets	575,437	501,752
Total liabilities	74,101	49,322
Total equity	501,336	452,430

Financial Statements - 30 June 2023

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2023

OPERATING RESULT	Notes	2023 $'000	2022 $'000
Income			
User charges and fees	B1-1	**60,374**	59,007
Funding for public health services	B1-2	**710,790**	679,042
Grants and other contributions	B1-3	**30,589**	26,095
Other revenue	B1-4	**4,235**	2,828
		805,988	766,972
Total income		**805,988**	766,972
Expenses			
Employee expenses	B2-1	**79,060**	78,600
Health service employee expenses	B2-2	**456,073**	419,142
Supplies and services	B2-3	**225,746**	210,165
Other expenses	B2-4	**17,427**	16,885
Depreciation	C5-1,C9	**44,973**	40,414
Total expenses		**823,279**	765,206
Operating result		**(17,291)**	1,766
Other comprehensive income			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	C7-2	**80,620**	27,023
Total other comprehensive income		**80,620**	27,023
Total comprehensive income		**63,329**	28,789

The accompanying notes form part of these financial statements

Central Queensland Hospital and Health Service

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	C1	**8,703**	12,873
Receivables	C2-1	**22,924**	13,401
Contract assets	C8-1	**3,373**	1,458
Inventories	C3	**5,175**	4,997
Other assets	C4	**654**	1,044
Total current assets		**40,829**	33,773
Non-current assets			
Property, plant and equipment	C5-1	**533,634**	467,166
Right-of-use assets	C9	**974**	813
Total non-current assets		**534,608**	467,979
Total assets		**575,437**	501,752
Current liabilities			
Payables	C6	**68,654**	46,468
Lease liabilities	C9,CF-2	**433**	634
Contract liabilities	C8-1	**4,671**	2,184
Total current liabilities		**73,758**	49,286
Non-current liabilities			
Lease liabilities	C9,CF-2	**343**	36
Total non-current liabilities		**343**	36
Total liabilities		**74,101**	49,322
Net assets		**501,336**	452,430
Equity			
Contributed equity		**376,036**	390,459
Accumulated surplus/(deficit)		**(30,637)**	(13,346)
Asset revaluation surplus	C7-2	**155,937**	75,317
Total equity		**501,336**	452,430

The accompanying notes form part of these financial statements

Central Queensland Hospital and Health Service

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2023

	Accumulated surplus $'000	Asset revaluation surplus $'000	Contributed equity $'000	Total equity $'000
Balance as at 1 July 2021	**(15,112)**	**48,294**	**396,782**	**429,964**
Operating result				
Operating result from continuing operations	1,766	-	-	1,766
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	-	27,023	-	27,023
Total comprehensive income for the year	1,766	27,023	-	28,789
Transactions with owners as owners:				
Net assets transferred (Note C7-1)	-	-	15,854	15,854
Equity injections - minor capital works	-	-	18,237	18,237
Equity withdrawals - depreciation funding	-	-	(40,414)	(40,414)
Net transactions with owners as owners	-	-	(6,323)	(6,323)
Balance at 30 June 2022	**(13,346)**	**75,317**	**390,459**	**452,430**
Opening balance as at 1 July 2022	(13,346)	75,317	390,459	452,430
Operating result				
Operating result from continuing operations	(17,291)	-	-	(17,291)
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	-	80,620	-	80,620
Total comprehensive income for the year	(17,291)	80,620	-	63,329
Transactions with owners as owners:				
Net assets transferred (Note C7-1)	-	-	220	220
Equity injections - minor capital works	-	-	30,330	30,330
Equity withdrawals - depreciation funding	-	-	(44,973)	(44,973)
Net transactions with owners as owners	-	-	(14,423)	(14,423)
Balance at 30 June 2023	**(30,637)**	**155,937**	**376,036**	**501,336**

The accompanying notes form part of these financial statements

Central Queensland Hospital and Health Service

STATEMENT OF CASH FLOWS
Year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Inflows:			
User charges and fees		**54,099**	63,994
Funding public health services		**659,579**	638,165
Grants and other contributions		**22,304**	18,275
GST input tax credits from ATO		**15,494**	13,457
GST collected from customers		**810**	699
Other receipts		**3,715**	2,579
Outflows:			
Employee expenses		**(78,986)**	(78,226)
Health service employee expenses		**(437,999)**	(416,163)
Supplies and services		**(217,984)**	(208,477)
GST paid to suppliers		**(15,278)**	(13,849)
GST remitted to ATO		**(761)**	(725)
Interest payments on lease liabilities		**(27)**	(5)
Other		**(8,943)**	(8,308)
Net cash provided by / (used in) operating activities	CF-1	**(3,977)**	11,416
Cash flows from investing activities			
Inflows:			
Proceeds from the sale of property, plant and equipment		**134**	41
Outflows:			
Payments for property, plant and equipment		**(28,918)**	(18,359)
Net cash (used in) investing activities	CF-3	**(28,784)**	(18,318)
Cash flows from financing activities			
Inflows:			
Equity injections		**30,330**	18,237
Outflows:			
Principal payments of lease liabilities	CF-2	**(1,739)**	(1,632)
Net cash provided by financing activities	CF-3	**28,591**	16,605
Net increase/(decrease) in cash and cash equivalents		**(4,170)**	9,703
Cash and cash equivalents at the beginning of the financial year		**12,873**	3,170
Cash and cash equivalents at the end of the financial year	C1	**8,703**	12,873

The accompanying notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2023 $'000	2022 $'000
Operating surplus/(deficit)	**(17,291)**	1,766
Non-cash items included in operating result:		
Depreciation	**44,973**	40,414
Funding for depreciation	**(44,973)**	(40,414)
Net gain on disposal of non-current assets	**(134)**	(41)
Service below fair value - revenue	**7,911**	8,226
Service below fair value - expense	**(7,911)**	(8,226)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(2,306)**	647
(Increase)/decrease in funding receivables	**(7,482)**	(1,588)
(Increase)/decrease in GST receivables	**216**	(392)
(Increase)/decrease in inventories	**(178)**	806
(Increase)/decrease in contract assets	**(1,915)**	(78)
(Increase)/decrease in prepayments	**390**	435
Increase/(decrease) in payables	**(3,378)**	4,966
Increase/(decrease) in lease liabilities	**107**	(298)
Increase/(decrease) in accounts payable	**7,310**	328
Increase/(decrease) in accrued contract labour	**18,074**	2,979
Increase/(decrease) in contract liabilities and unearned income	**2,487**	1,538
Increase/(decrease) in accrued employee benefits	**74**	374
Increase/(decrease) in GST payable	**49**	(26)
Net cash (used in)/provided by operating activities	**(3,977)**	**11,416**

CF-2 Changes in liabilities arising from financing activities

	2023				2022			
	Opening balance	New leases acquired	Cash repayments	Closing balance	Opening balance	New leases acquired	Cash repayments	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	**670**	**1,845**	**(1,739)**	**776**	968	1,334	(1,632)	670
Total	**670**	**1,845**	**(1,739)**	**776**	968	1,334	(1,632)	670

CF-3 Non-cash investing and financing activities

Assets and liabilities received or donated/transferred by the Hospital and Health Service to agencies outside of the Wholly-Owned Public-Sector Entities are recognised as revenues (refer to Note B1-4) or expenses (refer to Note B2-4) as applicable.

SECTION A BASIS OF REPORT PREPARATION

GENERAL INFORMATION

The Central Queensland Hospital and Health Service (CQHHS) was established on 1 July 2012 as a statutory body under the *Hospital and Health Boards Act 2011*. CQHHS is responsible for providing primary health, community and public health services in the area assigned under the *Hospital and Health Boards Regulation 2012*.

The Hospital and Health Service is controlled by the State of Queensland which is the ultimate parent entity.

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

Rockhampton Hospital Campus
Canning Street
Rockhampton QLD 4700

STATEMENT OF COMPLIANCE

CQHHS 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*.

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

In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2023 and other authoritative pronouncements.

New accounting standards applied for the first time in these financial statements are outlined in Note G5.

Central Queensland Hospital Health Service has prepared these financial statements on a going concern basis, which assumes that CQHHS will be able to meet the payment terms of its financial obligations as and when they fall due. CQHHS is economically dependent on funding received from its service agreement with the Department of Health.

A service agreement framework is in place to provide CQHHS with a level of guidance regarding funding commitments and purchase activity for the 2022-23 to 2024-25 financial years. The Board and management believe that the terms and conditions of its funding arrangements under the service agreement framework will provide CQHHS with sufficient cash resources to meet its financial obligations for at least the next year.

In addition to CQHHS's funding arrangements under the service agreement framework, CQHHS has no intention to liquidate or to cease operations; under section 18 of the *Hospital and Health Boards Act 2011*, CQHHS represents the State of Queensland and has all privileges and immunities of the State.

THE REPORTING ENTITY

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of CQHHS.

MEASUREMENT

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

- Land and buildings, which are measured at fair value;
- Inventories which are measured at weighted average cost.

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 flow 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.

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.

PRESENTATION MATTERS

Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

The financial statements provide comparative information in respect to the previous period.

Current/non-current classification

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

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

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

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chairperson of CQHHS, the Health Service Chief Executive and the Chief Finance Officer at the date of signing the Management Certificate.

SECTION B NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

Note B1-1: User charges and fees

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Pharmaceutical Benefits Scheme	**28,822**	26,850
Sales of goods and services	**5,600**	7,222
Hospital fees	**24,167**	23,180
Other user charges and fees		
Revenue leases	**1,785**	1,755
Total revenue from contracts with customers	**60,374**	59,007

User charges and fees - accounting policies and disclosures

Revenue from contracts with customers is recognised at a point in time when CQHHS transfers control over a good or service to the customer. Otherwise the revenue that is not from a contract with a customer is recognised upon receipt as per *AASB 1058 Income of Not-for-Profit Entities*. The following table provides information about the nature, timing and revenue recognition for CQHHS user charges revenue.

Types of goods and services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Pharmaceutical Benefits Scheme (PBS) *Pharmaceutical Benefit Act 1947 and National Health (Pharmaceutical Benefits) Regulations 2017.*	Public hospital patients can access medicines listed on the PBS if they are being discharged, attending outpatient day clinics, or are admitted receiving chemotherapy treatment. Medicare Australia reimburses for pharmaceutical items for each claim submitted at agreed wholesale prices including alternative distributions under section 100 of the Act minus any patient co-contributions.	PBS claims are made monthly, with revenue being recognised at a point in time as drugs are distributed to patients with revenue earned but not yet invoiced being recorded as a contract asset in Note C8.
Sales of goods and services	*National Disability Insurance Scheme* CQHHS is coordinating and delivering customised service to eligible clients with permanent and significant disabilities, with payment occurring for each valid claim up to the individual amount. *Client contributions and other sales of goods and services* Customer invoices are raised when the performance obligation has been satisfied and the goods and services are transferred to customers. Payment terms for patient debtors is 14 days and 30 days for other debtors.	*National Disability Insurance Scheme* Claims are made monthly with revenue recognised as customised care is delivered, with any revenue earned but not yet invoiced being recorded as a contract asset in Note C8. Contract liabilities (unearned or refunds) are included in Note C8 for amounts that are received in advance. *Client contributions and other sales of goods and services* Revenue is recognised when goods and services are transferred to customers at the transaction price. A receivable is recorded where CQHHS controls the right to revenue in Note C2.
Hospital fees	Transfer of distinct hospital services and goods applying the transaction prices in the Queensland Health - fees and charges for health care services directive. Payment occurs when private health funds accept claims.	Revenue is recognised as hospital care to be claimed from private health funds is provided to patients. Revenue may be adjusted depending on private health funds accepting claims. Any revenue earned but not yet received is recorded as a receivable in Note C2.
Revenue leases	CQHHS as a lessor has leases in place where outsourced service providers lease facilities or land owned by CQHHS to conduct their business. CQHHS receives monthly payments as per the lease contract.	Rental revenue from outsourced service providers is recognised on a periodic straight-line basis over the lease term in accordance with AASB 16. Unearned leases at year end are recorded as a payable in Note C6.

B1 REVENUE (continued)

Note B1-2: Funding public health services

	2023 $'000	2022 $'000
National Health Reform		
Revenue from contract with customers		
Activity based funding	**458,537**	439,392
Total revenue from contracts with customers	**458,537**	439,392
Other funding public health services		
Block funding	**85,349**	90,517
Teacher training funding	**17,803**	15,757
General purpose funding	**149,101**	133,376
Total revenue from other funding public health services	**252,253**	239,650
Total	**710,790**	679,042

Funding public health services - accounting policies and disclosures

Funding is provided predominantly from the Department of Health for specific public health services purchased by the Department in accordance with a service agreement. The Australian Government pays its share of National Health funding directly to the Department of Health, for on forwarding to the Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by CQHHS. Cash funding from the Department of Health is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue as the performance obligations under the service level agreement are discharged. Commonwealth funding to CQHHS in 2022-23 was $200m (2022: $239m).

At the end of the financial year, an agreed technical adjustment between the Department of Health and CQHHS 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 CQHHS's delivery of health services.

On 12th April 2023 the Department has advised that any activity that is under delivery of the base activity will be clawed back non-recurrently at 20% of Queensland Efficient Price (QEP), with the adjustment being made in Window 2 of the 2023-24 financial year. The under-activity amount for the 2022-23 financial year is $1.414m.

Disclosure - Rockhampton Car Park Reprioritisation of Funding

The Rockhampton Hospital Car Park has been operational since 4th March 2019 and the asset was transferred to CQHHS in May 2019. A Memorandum of Understanding governs the operational principles of the arrangement between the Department and CQHHS. CQHHS is required to return to the Department the Government Portfolio Amount (GPM) of $7.5m over a 20-year term by the way of reduction in CQHHS's annual appropriations under the service agreement for each financial year. The net revenue from the operation of the car park will be retained by CQHHS to offset this reduction in funding or to support the ongoing maintenance. The GPM payment amount for the 2022-23 financial year is $465,000 (2021-22 $465,000).

B1 REVENUE (continued)

Types of goods and services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
National Health Reform Act 2011 **Activity - based funding**	The Department has an enforceable service agreement with CQHHS procuring public health services to be delivered by CQHHS with the service targets for ABF funding being sufficiently specific. Transfer of distinct public health care service activity can be either; the number of screen services provided for Breast Screen QLD; a Weighted Activity Unit (WAU) for a number of public health care services; Weighted Occasions of Service Unit (WOO) for part of the funding received for providing oral health services. Subject to departmental consideration and available pooled funds across the State, additional funding may be paid by the Department for identified purchasing incentives where activity exceeds the target set out in the Service Agreement or window adjustments. The Department pays for the delivery of public health care in fortnightly instalments and window adjustments.	Revenue is recognised throughout the financial year when activity is delivered by multiplying the weighted activity units by the Queensland Efficiency Price (QEP) or other prices in the contract. Revenue is recognised as a contract asset (accrual) in Note C8 for activity targets met. Revenue is not recognised for activity expected to exceed targets. The information for reliably measuring the revenue amount will not be known until the first quarter in the following financial year and any future revenue depends on events that are outside the control of CQHHS. Revenue amounts are recognised as a contract liability (refund) in Note C8 where activity targets have not been met.
National Health Reform Act 2011 **Other funding public health services**	Other funding includes block funding, teacher training funding and general-purpose funding which apply to smaller public hospitals where using an activity-based funding model is not feasible. The general-purpose funding also includes other Government grants and depreciation funding where the Department funds CQHHS's depreciation and amortisation charges via non-cash revenue. The performance obligations in the Service Agreement are not sufficiently specific for these funding types, funding initiatives and grants. The Department pays these funds in fortnightly payments except for depreciation funding (Note C7).	The fortnightly receipts are recognised up-front as revenue in accordance with AASB 1058. Revenue is recognised as a receivable in Note C2 for any technical adjustments to the Service Agreement made at year end. Revenue amounts are recognised as a payable (refund) in Note C6 for unspent funds. Non-cash depreciation funding revenue is recognised when received and matches depreciation and amortisation expenses.

Note B1-3: Grants and other contributions

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Nursing home grants	**15,366**	12,191
Home support services	**497**	618
Transition care programs	**1,991**	1,765
Other revenue contracts	**2,699**	1,820
Total revenue from contract with customers	**20,553**	16,394
Grants and contributions		
Specific purpose grants	**1,113**	582
Other grants	**927**	762
Donations, bequests, other contributions	**85**	131
Services received below fair value		
Services received below fair value	**7,911**	8,226
Total grants and contributions	**10,036**	9,701
Total	**30,589**	26,095

Grants and other contributions - accounting policies and disclosures

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for CQHHS to transfer goods and 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.

The following table provides information about the nature, timing and revenue recognition for CQHHS grants and contributions.

B1 REVENUE (continued)

Types of goods and services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
The Aged Care Act 1997 **Nursing home grants**	CQHHS is the service provider for eligible clients in three aged care facilities in Rockhampton; North Rockhampton Nursing Centre, Eventide Home Rockhampton and the Birribi unit. The Department of Human Services pays monthly invoices raised by CQHHS for providing aged care services in the nursing homes. The payment amount is based on a very specific assessment of each client care needs and therefore contains sufficiently specific performance obligations, resulting in a funding amount for a level of care. Prescribed ongoing appraisals must be undertaken to ensure the subsidy paid is at the right care level classification. The transactions price is the daily amount for a particular care level for each resident.	Claims are made monthly with revenue recognised as services are provided to nursing home residents. Adjustments may be required when appraisals indicate a change in care level. Contract assets (receivable) are included in Note C8.
The Aged Care Act 1997 **Home support services**	CQHHS coordinates and delivers home care services to eligible older clients by means of a service agreement and individual care plans considering any client contributions. Home support services are provided under the Commonwealth Home Support Program and the Queensland Community Support Scheme to eligible older clients who wish to remain in their home longer. Support can include help with daily tasks, home modifications, transport, social support and nursing care. CQHHS receives quarterly payments in the first week of each quarter of delivering purchased services. Once every quarter, the amounts received are acquitted against the actual services delivered up to capped targets and in accordance with care plans, which have sufficiently specific performance obligations at the service transaction price.	Revenue is recognised at the completion of services delivered to clients at the relevant transaction price. Client contributions are recognised in user charges.
Transition care program	CQHHS coordinates and provides transition care services to eligible older patients to assist with recovering from a hospital stay for up to 12 weeks with a possible extension of 6 weeks. Services include low-intensity therapy such as allied health services (physiotherapy, podiatry, social work and occupational therapy) nursing support, and personal care, with the performance obligations being sufficiently specific. Up to a capped number of clients, CQHHS receives monthly payments in advance from the Department of Human Services. Monthly payment in the first week of the month are compared with actual claims on a monthly basis adjusting amounts already received for the same month. A fixed daily rate applies for all transition care services.	Revenue is recognised based on the number of service days for each client multiplied by the fixed daily rate. Adjustments are estimated for amounts received in advance and recognised in the statement of financial position as a contract liability. Contract liabilities (unearned) are included in Note C8 for amounts received in advance.
Other revenue contracts	CQHHS receives enforceable grants from other government agencies where the government is procuring health care and aged care services. Professional not-for-profit organisations purchase medical training positions for their members or medical staff in training in order to become medical specialists. CQHHS coordinates care to support eligible children with medical complexity, their family, and health care teams across Queensland through the Connect Care Program. The performance obligations in these revenue contracts are sufficiently specific and customers will pay for performance obligations or target outputs levels that are satisfied. Depending on the contract, invoices are raised in arrears or revenue is received in advance.	Revenue is recognised when services are transferred at a point in time or over time at the agreed price. Contract assets are included in Note C8. Contract liabilities (unearned) are included in Note C8 for amounts received in advance.

B1 REVENUE (continued)

Types of goods and services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Grants and contributions	*Specific purpose & other grants* CQHHS receives enforceable specific purpose grants or other grants from government agencies, and other organisations for providing health services to eligible customers. The target level outputs and performance obligations for these health initiatives and programs are not sufficiently specific. *Donations, bequests and other contributions* Donations, bequest and other contributions are non-reciprocal transactions with no enforceable agreement and sufficiently specific performance obligations and CQHHS does not give equal value to the grantor.	*Specific purpose & other grants* Revenue is recognised up front under AASB 1058. A revenue accrual is recorded in Note C2 Receivables. Refunds are recorded for unspent amounts where required in the agreements. *Donations, bequests and other contributions* Revenue is recognised when received under AASB 1058.
Services below fair value	The Department provides services free of charge to CQHHS which include payroll, accounts payable, finance, taxation, procurement and information technology infrastructure services. Contributions of services are recognised as the services would have been purchased if they had not been donated and their fair value can be measured reliably.	An equal amount is recognised as revenue and an expense.

B1-4: Other revenue

	2023 $'000	2022 $'000
Proceeds	**31**	21
Regulatory fees	**25**	27
Salary recoveries	**3,288**	2,392
Insurance recoveries	**129**	-
Other revenue	**762**	388
Total	**4,235**	2,828

Accounting policy – other revenue

Recognised up front under AASB 1058, other revenue primarily reflects revenue from non-core business activities such as interest on QTC investments and the patient trust account, insurance recoveries and regulatory fees and salary recoveries from Workcover and for non-executive employees contracted to another organisation, as detailed in Note B2-1.

Gain on disposal and revaluation of assets are recognised as they occur in the financial year in accordance with *AASB 102 Inventories*, AASB 116 *Property, Plant & Equipment*, and *AASB 136, Impairment of assets*.

B2 EXPENSES

Note B2-1: Employee expenses

	2023 $'000	2022 $'000
Employee benefits		
Wages and salaries	**64,538**	67,097
Annual leave levy	**7,216**	4,357
Employer superannuation contributions	**5,117**	5,109
Long service leave levy	**1,611**	1,567
Termination benefits	**48**	1
Employee related expenses		
Workers compensation premium	**209**	219
Other employee related expenses	**321**	250
Total	**79,060**	78,600

Note B2-2: Health service employee expenses

	2023 $'000	2022 $'000
Department of Health Queensland - health service employees	**456,073**	419,142
Total	**456,073**	419,142

	2023 No.	2022 No.
Full-Time Equivalent (FTE) Employees at 30 June	**145**	153
Full-Time Equivalent Health Service employees at 30 June	**3,356**	3,360
Total	**3,501**	3,513

*FTEs are reflective of the minimum obligatory human resource information (MOHRI). This does not include Board members, executives engaged as a contractor, or employed under an award. CQHHS has engaged Health Service employees who are employed by the Department through service arrangements.

Accounting policy - employee benefits

Salaries and wages, sick leave, annual leave and long service leave levies and employer superannuation contributions are regarded as employee benefits.

CQHHS pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Workers' compensation insurance is a consequence of employing employees. It is not an employee benefit and is recognised separately as an employee related expense.

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

Recoveries of salary and wage costs for CQHHS Health employees working for other agencies are offset against employee expenses. Recoveries of salaries and wages costs for health services employees working for other agencies are recorded as revenue as detailed in Note B1-4.

Accounting policy - sick leave

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

Accounting policy - annual leave and long service leave

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, a levy is charged to CQHHS to cover the cost of annual and long service leave for employees. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

Disclosure – COVID Response Leave

Health service employee expenses include $0.307m of COVID leave for the 2022-23 financial year, (2021-22: $0.524m).

An additional two days of leave was granted to all non-executive employees of the Department of Health and HHS's on 14th September 2020, based on set eligibility criteria, as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave was available to be taken up to and including the 31st March 2023, at which time any unused leave is lost.

In the 2020-21 financial year CQHHS paid the entire value of the leave of $2.175m to the Department of Health in advance. The leave is expensed in the period in which it was taken, and the remaining balance recognised as a prepayment to the Department of Health. Refer to Note C4. At 31st March 2023 the amount of $0.299m remained unused with the Department Health paying those funds back to CQHHS.

Accounting policy - superannuation

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

Contributions are expensed in the period in which they are paid or payable following completion of the employee's service each pay period. CQHHS's obligations are limited to those contributions paid to Australian Retirement Trust. The Australian Retirement Trust 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 CQHHS pays superannuation

B2 EXPENSES (continued)

contributions into a complying superannuation fund. Contributions are expensed in the period in which they are paid or payable. CQHHS obligations are limited to those contributions paid to eligible CQHHS's superannuation fund.

Therefore, no liability is recognised for accruing superannuation benefits in the CQHHS financial statements.

Key management personnel remuneration benefits disclosures and related party transactions are detailed in Notes G1 and G2 respectively.

As CQHHS is not a prescribed employer, only certain employees can be contracted directly by CQHHS. Employee expenses represent the cost of engaging board members and employment of health executives including those engaged as a contractor, and senior or visiting medical officers who are employed directly by CQHHS. Any salary recoveries received from other agencies for these staff members have been offset against the salary and wages cost in accordance with *AASB 119 Employee Benefits*.

Note B2-3: Supplies and services

	2023 $'000	2022 $'000
Consultants and contractors	**37,481**	30,286
Electricity and other energy	**6,000**	5,941
Patient travel	**24,010**	19,322
Other travel	**1,653**	1,330
Building services^	**7,002**	6,882
Computer services	**3,410**	3,443
Motor vehicles	**1,829**	1,749
Communications	**9,728**	8,132
Repairs and maintenance	**13,106**	11,425
Minor works including plant and equipment	**1,524**	1,118
Short-term leases	**78**	89
Inventories consumed - held for distribution		
Drugs	**35,776**	32,372
Clinical supplies and services	**22,155**	22,998
Catering and domestic supplies	**7,952**	8,092
Outsourced service delivery		
Medical	**24,380**	23,843
Other services	**5,744**	7,026
Pathology, blood and parts	**18,976**	21,013
Other	**4,942**	5,104
Total	**225,746**	210,165

^ Includes internal charges to Government commercial office accommodation with DEPW

Accounting policy – distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods or services received by CQHHS must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as grants distributed in Note B2-4.

Disclosure – leases

Lease expenses include lease rentals for short-term residential leases. Refer to Note C9 for breakdown of lease expenses and other lease disclosures.

Internal-to-government leases with the Department of Energy and Public Works (DEPW) for renting commercial office accommodation are recognised as a procurement of services as substantive substitution rights exists over the non-specialised assets.

Disclosure – patient travel

The Patient Travel Subsidy Scheme (PTSS) provides financial assistance contributing to travel costs and accommodation to eligible Queensland patients and where applicable escorts who need to travel to access eligible specialist medical services not available at their local public hospital or health facility.

B2 EXPENSES (continued)

Note B2-4: Other expenses

	2023	2022
	$'000	$'000
External audit fees	**189**	183
Other audit fees	**11**	-
Insurance premiums	**7,118**	6,426
Losses from disposal of non-current assets	**-**	1
Special payments - ex gratia payments	**6**	4
Other legal costs	**328**	63
Advertising	**317**	488
Grants distributed	**729**	552
Interpreter fees	**32**	41
Impairment losses on trade receivables	**482**	203
Services received below fair value	**7,911**	8,226
Interest on lease payments	**27**	5
Other expenses	**277**	693
Total	**17,427**	16,885

Accounting policy – other expenses

Audit fees

The external audit fee for 2023 is $189,000 (2022: $183,000).

Insurance

The insurance arrangements for Public Health Entities enables Hospital and Health Services to be named 'insured parties' under the Department of Health's policy. For the 2022-23 policy year, the premium was allocated to CQHHS according to the underlying risk of an individual insured party.

Special payments

Special payments represent ex gratia expenditure and other expenditure that CQHHS is not contractually or legally obligated to make to other parties. Although the special payments made in 2023 do not include individual payments over $5,000, reimbursement of smaller amounts varying in nature total $5,620 (2022: $4,331).

Grant distributed

CQHHS distributes three grants received from funding as per Service Level Agreements:

(a) The provision of aged care residential services, community care, and respite care at Theodore Multi-Purpose Health Service. The services are outsourced to the Theodore Council of the Ageing, and
(b) The provision of CQHHS research skills development. The services are outsourced to the Central Queensland University.

SECTION C NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Imprest accounts	**11**	12
Cash at bank	**6,689**	10,916
QTC cash funds	**2,003**	1,945
Total	**8,703**	12,873

Accounting policy – cash and cash equivalents

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

C2 RECEIVABLES

Note C2-1: Receivables

	2023 $'000	2022 $'000
Trade debtors	**7,663**	5,280
Less: Loss allowance	**(175)**	(98)
	7,488	5,182
GST receivable	**1,464**	1,680
GST payable	**(99)**	(50)
	1,365	1,630
Other fees and charges receivable	**14,071**	6,589
Total	**22,924**	13,401

Accounting policy – receivables

At reporting date, lease receivables and trade receivables are recognised at amortised cost which approximates their fair value.

Receivables are recognised at the agreed transaction price. Receivables are generally settled within 30 days, while other receivables may take longer than 12 months. A large proportion of trade receivables arises on the date of discharge of patients; however, fees are submitted to the health funds to be recovered once claim processing has been finalised. This could delay the receivable by up to 60 days. Receivables for funding arrangements are recorded in Note C8 contract assets.

Disclosure – credit risk exposure of receivables

The maximum exposure to credit risk at the balance date is equal to the gross carrying amount of the financial asset, inclusive of any allowance for impairment. In terms of collectability, receivables will fall into one of the following categories:

Lease receivables

The credit risk on initial recognition for lease receivables was assessed as 0%. The credit risk or objective impairment for these lease contracts has been re-assessed at 30 June 2023 and the 0% credit risk rate has been maintained.

Trade receivables

CQHHS has assessed the credit risk to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns. CQHHS has identified five groupings for measuring expected credit losses based on the sale of services and the sale of goods reflecting the different customer profiles for these revenue streams.

Note C2-2 details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movements in the allowance for impairment.

C2 RECEIVABLES (continued)

Note C2-2: Impairment of receivables

	2023				2022			
	Gross receivables	Loss rate	Expected credit losses	Carrying amount	Gross receivables	Loss rate	Expected credit losses	Carrying amount
	$'000	%	$'000	$'000	$'000	%	$'000	$'000
Private health funds	**5,279**	**0%**	**-**	**5,279**	3,436	-	-	3,436
Medicare ineligible	**1,562**	**10.17%**	**(159)**	**1,403**	927	9.66%	(90)	837
Other	**1,673**	**0.93%**	**(16)**	**1,657**	1,100	0.74%	(8)	1,092
Government agencies	**13,156**	**0%**	**-**	**13,156**	6,327	-	-	6,327
Payroll receivables	**1**	**0%**	**-**	**1**	6	-	-	6
Lease receivables	**63**	**0%**	**-**	**63**	73	-	-	73
Australian Taxation Office	**1,365**	**0%**	**-**	**1,365**	1,630	-	-	1,630
Total Receivables	**23,099**	**0.76%**	**(175)**	**22,924**	13,499	0.73%	(98)	13,401

Disclosure – movement in expected credit losses for trade and other debtors

	2023	2022
	$'000	$'000
Balance at 1 July	**98**	109
Amounts written off during the year	**(101)**	(60)
Amounts recovered during the year	**3**	1
Increase/(decrease) in allowance recognised in operating result	**175**	48
Balance at 30 June	**175**	98

Accounting policy – impairment of trade receivables

The allowance for impairment reflects the occurrence of loss events or lifetime expected credit losses.

For lease receivables, a loss event occurs if the lessee is no longer able to meet the terms and conditions of the lease contract.

The loss allowance amount for lease receivables is based on

- a twelve-months expected credit loss if the credit risk has not increased significantly at the reporting date since initial recognition, or
- a lifetime expected credit loss if the risk has increased significantly since initial recognition.

For trade receivables, loss events occur when Debtors do not pay in accordance with expected payment terms which may differ for debtor categories.

Australian Government agencies loss events rarely occur. No loss allowance is recorded for these receivables on the basis of materiality.

Refer to Note D1-3 for CQHHS's credit risk management policies.

Economic changes impacting the CQHHS debtors, and relevant industry data, will continue to form part of the documented risk analysis even though the associated risk factor has been set at 0%. The demand for services and collection of debts has not been significantly impacted by economic changes or COVID-19 at reporting date.

If no loss events have arisen in respect of a debtor or group of debtors, no allowance for impairment is made in respect of that debtor or group of debtors. If CQHHS determines that an amount owing by such a debtor does become uncollectible (after appropriate debt recovery actions have been taken), that amount is recognised in the impairment loss allowance and written-off directly against receivables. In other cases where a debt becomes uncollectible, but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables.

The amount written off in the current year regarding receivables is $0.101 million (2022: $0.06 million).

C3 INVENTORIES

Note C3-1: Inventories

	2023 $'000	2022 $'000
Inventories held for distribution		
Clinical supplies	**3,530**	3,470
Catering and domestic	**56**	33
Pharmacy drugs	**1,588**	1,493
Other	**1**	1
Total	**5,175**	4,997

Accounting policy – inventories

Inventories are held for distribution and are valued at weighted average cost in accordance with *AASB 102 inventories*.

Cost is assigned on a weighted-average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

An annual stocktake is undertaken of imprest clinical supply holdings.

A rolling stocktake is performed for pharmacy drugs selected by the iPharmacy system.

C4 OTHER ASSETS

Note C4-1: Other assets

	2023 $'000	2022 $'000
Prepayment- COVID Response Leave	**-**	307
Other prepayments	**654**	737
Total	**654**	1,044

Accounting policy – COVID response leave

On 14 September 2020 the Queensland Government announced an additional two days of leave was granted to all non-executive employees in acknowledgement of the efforts of health workers, and those supporting health workers in response to COVID-19. The leave must be taken by the 31st of March 2023, or the leave will be lost. The COVID response leave balance cannot be cashed out and when an employee resigns from Queensland Health or moves into a casual position there is no cash out of the leave. The entire value of leave for health service employees was paid by CQHHS to the Department of Health in advance. The leave is expensed in the period in which it is taken, and the remaining balance is treated as a prepayment to the Department of Health. As the eligibility for this leave expired on 31st March 2023 no prepayment is shown in the 2023 financial year with the remaining $0.299m being paid back to CQHHS from the Department of Health.

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

Note C5-1: Property, plant and equipment – balances and reconciliations of carrying amount

30 June 2023	Land $'000	Buildings $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
Gross	**16,342**	**1,176,728**	**78,056**	**12,718**	**1,283,844**
Less: Accumulated depreciation	**-**	**(706,099)**	**(44,111)**	**-**	**(750,210)**
Carrying amount at 30 June 2023	**16,342**	**470,629**	**33,945**	**12,718**	**533,634**
Represented by movements in carrying amount:					
Carrying amount at 1 July 2022	**15,577**	**414,780**	**30,223**	**6,585**	**467,165**
Transfers in from other Queensland Government entities	**-**	**-**	**220**	**-**	**220**
Acquisitions	**-**	**-**	**11,893**	**17,025**	**28,918**
Transfers between classes	**-**	**10,892**	**-**	**(10,892)**	**-**
Net revaluation increments/(decrements)	**765**	**79,855**	**-**	**-**	**80,620**
Depreciation expense	**-**	**(34,898)**	**(8,391)**	**-**	**(43,289)**
Carrying amount at 30 June 2023	**16,342**	**470,629**	**33,945**	**12,718**	**533,634**

30 June 2022	Land $'000	Buildings $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
Gross	15,577	997,722	71,281	6,585	1,091,165
Less: Accumulated depreciation	-	(582,942)	(41,057)	-	(623,999)
Carrying amount at 30 June 2022	15,577	414,780	30,224	6,585	467,166
Represented by movements in carrying amount:					
Carrying amount at 1 July 2021	14,644	394,097	33,270	2,744	444,755
Transfers in from other Queensland Government entities	670	15,040	144	-	15,854
Acquisitions	-	-	6,686	11,674	18,360
Transfers between classes	-	7,833	-	(7,833)	-
Net revaluation increments/(decrements)	263	26,759	-	-	27,022
Depreciation expense	-	(28,949)	(9,876)	-	(38,825)
Carrying amount at 30 June 2022	15,577	414,780	30,224	6,585	467,166

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

Note C5-2: Accounting policies

Initial measurement

Recognition thresholds

Items of property, plant and equipment with a cost or other value equal to, or 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 in the year of acquisition.

Class	Recognition Threshold
Buildings and Land Improvements	$10,000
Land	$1
Plant and Equipment	$5,000

Acquisition of assets

Plant and equipment is initially recorded at cost, determined as the value given as consideration plus costs incidental to the acquisition, including all other directly attributable costs incurred to bring the asset to the location or condition necessary to be ready for use. Items or components that form an integral part of an asset are recognised as a single (functional) asset.

Major health infrastructure projects are managed by the Department on behalf of CQHHS. These assets are assessed at fair value on practical completion by an independent valuer. They are then transferred from the Department to CQHHS via an equity adjustment at the valuation amount.

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

Componentisation of complex assets

Where assets comprise of separately identifiable components, subject to regular replacement, components are assigned useful lives distinct from the asset to which they relate and depreciated accordingly. CQHHS has determined all specialised health service buildings are complex in nature and warrant componentisation (separate useful lives assigned to component parts). These buildings comprise three components:

- Shell
- Fit out
- Services including plant integral to the asset

Subsequent expenditure

Expenditure relating to repairs and maintenance is only capitalised to an asset's carrying amount if it extends the service potential or useful life of the existing asset. Maintenance expenditure that merely restores the original service potential (lost through ordinary wear and tear) is expensed. Carrying amounts impacted by repairs and maintenance of a capital nature are considered when determining the value at cost or the fair value.

Depreciation

Key judgement: Buildings, plant and equipment are depreciated on a straight-line basis reflecting the even consumption of economic benefits over their useful life to CQHHS. Annual depreciation is based on fair values and CQHHS's assessments of the useful remaining life of individual assets. Land is not depreciated as it has an unlimited useful life.

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.

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

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

Class	Depreciation rates (%)
Land improvements	1% - 5%
Building - shell	2% - 3%
Building - fit out	2% - 5%
Building - services	3% - 5%
Other building	2% - 10%
Plant and equipment	5% - 20%

Impairment of non-current assets

Key judgement: All non-current assets are assessed for indicators of impairment on an annual basis. This occurs through the stocktake process for plant and equipment assets and through the revaluation process for property assets. Where impairment is identified for plant and equipment assets, management determines the asset's recoverable amount (higher of value in use and fair value less costs to sell). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss and recognised immediately in the Statement of Comprehensive Income.

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

The valuation methodology for property includes an assessment as to whether the asset is impaired, i.e. the asset has experienced physical or technological obsolescence. Where obsolescence is identified, the comprehensive revaluation process incorporates the impact, ensuring that the asset is held at fair value, with any associated decrements realised in the Asset Revaluation Surplus or Statement of Comprehensive Income as required.

Subsequent measurement at fair value

Fair value is the price that would be received or paid for an asset at arm's length between willing market participants 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.

Key estimate and judgement:

Property assets are initially recognised at cost and subsequently valued by external valuers who use multiple inputs to derive fair value. The derivation of these inputs is subject to judgements and assumptions about the property's highest and best use.

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 and residential dwellings. Unobservable inputs are used where observable inputs are not available and include data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets being valued. These include subjective adjustments made to observable data to take account of the specialised nature of health service buildings and on hospital site residential facilities, such as:

- historical and current construction contracts (and/or estimates of such costs), with consideration of locational factors in deriving appropriate unit rate costs;
- assessments of physical condition and any impairment; and
- remaining useful life, with consideration of the future service requirements of the facility.

All CQHHS assets measured at fair value 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:

Fair value level	Description	CQHHS valuations
1	Valuation is derived from unadjusted quoted market prices in an active market for identical assets	n/a*
2	Valuation is substantially derived from inputs that are observable, either directly or indirectly	(Restricted) Land
3	Valuations is substantially derived from unobservable inputs	(Unrestricted Land), Buildings

*None of CQHHS's property assets are eligible for categorisation into level 1 on the fair value hierarchy.

Plant and equipment are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Revaluation of property at fair value

Land and building classes measured at fair value are assessed on an annual basis either by comprehensive valuations, desktop valuations or by the use of appropriate indices undertaken by independent professional valuers/quantity surveyors.

Comprehensive revaluations are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, then that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal. Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. CQHHS uses indices to provide a valid estimation of fair values for the assets at reporting date. Materiality is considered in determining whether the differences between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Land

Land is measured at fair value each year using independent market valuations undertaken by McGee's or indexation by the State Valuation Service (SVS), Department of Resources.

In 2022-23, nine properties owned by CQHHS were comprehensively valued by McGee's Property using a market approach. The effective date of valuation was 30 June 2023. Management has assessed the valuation provided by McGee's Property as appropriate for CQHHS and accepted the result of the independent valuation.

The fair value of land was based on market data and publicly available data on sales of similar land in nearby localities. McGee's indicated that they used observable inputs from market transactions data and therefore these inputs fall into level 2 within the fair value hierarchy. The revaluation of land for 2023 resulted in $0.765m increment in the fair value currently recorded (2022: $0.264 million increment).

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

Buildings

In 2022-23, CQHHS engaged AECOM as the independent valuers to undertake building revaluation in accordance with the fair value methodology. AECOM performed comprehensive valuation for modified retirements of existing assets, capital improvements to existing assets and valuations of new built assets. Indexation was applied to the remaining building portfolio previously valued in prior financial years. The effective date of the valuation was 30 June 2023.

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

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

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

The impact of the valuation exercise conducted in April 2023, with an effective date as at 30 June 2023, resulted in a building current replacement cost net increment of $79.855m (2022: $26.759m). The valuation result was largely due to an 12% increase in indexation valuation as recommended by AECOM in 2022-23 due to the rising construction costs.

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

Note C5-3: Categorisation of assets and liabilities measured at fair value

	Level 2		Level 3		Total Carrying Amount	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Land	**15,264**	15,577	**1,078**	-	**16,342**	15,577
Buildings	**-**	-	**470,629**	414,780	**470,629**	414,780
Total	**15,264**	15,577	**471,707**	414,780	**486,971**	430,357

C6 PAYABLES

	2023	**2022**
	$'000	**$'000**
Trade creditors	**19,809**	12,499
Accrued health service labour - Department of Health Queensland	**45,186**	27,112
Accrued employee benefits	**1,332**	1,258
Other	**2,327**	5,599
Total	**68,654**	46,468

Accounting policy – payables

Payables are unsecured and recognised upon receipt of the goods or services and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts.

The amounts are unsecured and are generally settled in accordance with the vendor's terms and conditions, typically within 30 days.

C7 EQUITY

Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public-Sector Entities specifies the principles for recognising contributed equity by CQHHS. The following items are recognised as contributed equity by CQHHS during the reporting and comparative years:

- Cash equity contributions fund purchases of equipment, furniture and fittings associated with capital work projects managed by CQHHS. CQHHS received $30.330 million funding from the State as equity injections for minor capital works and $0.220m for asset transfers in 2023 (2022: $18.237 million- minor works and $15.854 million- asset transfers). These outlays are paid by the Department of Health Queensland on behalf of the State.
- CQHHS received $44.972 million funding in 2023 (2022: $40.414 million) from the Department to account for the cost of depreciation. Funding for depreciation charges is via non-cash revenue. The Department retains the cash to fund future major capital replacements. As depreciation is a non-cash expenditure item, the Health Minister has approved a withdrawal of equity by the State for the same amount, resulting in a non-cash revenue amount and a corresponding non-cash equity withdrawal.

Note C7-1: Contributed equity - asset transfers

	2023 $'000	2022 $'000
Transfer in - practical completion of projects from the Department of Health	**-**	15,710
Net transfer equipment between Hospital and Health Services	**-**	-
Net transfer equipment from the Department of Health	**220**	144
	220	15,854

Non-reciprocal transfers of assets are recognised through equity when the Chief Finance Officers of both entities agree in writing to the transfer. Construction of major health infrastructure is managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department to CQHHS. During this year several assets have been transferred under this arrangement.

Note C7-2: Asset revaluation surplus by class

	Land $'000	Buildings $'000	2023 Total $'000	2022 Total $'000
Balance 1 July	**264**	**75,053**	**75,317**	48,294
Revaluation increments/(decrements)	**765**	**79,855**	**80,620**	27,023
Balance 30 June	**1,029**	**154,908**	**155,937**	75,317

Accounting policy – revaluations

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

C8 CONTRACT BALANCES

Disclosure – Contract assets

Contract assets comprise a right to consideration depending on meeting specific future performance obligations.

Contract assets are transferred to contract receivables when CQHHS's right to payment becomes unconditional. This usually occurs when the invoice is issued to the customer.

Accrued revenue that does not arise from contracts with customers is included in Note C2 receivables.

The credit risk or objective impairment for the contract assets has been assessed as 0% at 30 June 2023, as most of the contract asset balance relates to the Department or other Government agencies, and medical colleges.

Of the amount included in the contract assets balance on 1July 2022, $1.273m was received in 2022-23.

The contract assets at 30 June 2023 include an accrual for funding ($2.024m), accruals for various medical colleges ($512K), an accrual for the Pharmaceutical Benefits Scheme ($676K), the transition care program ($18K), the connected care program ($20K), the Commonwealth Home Support ($42K), and other contracts with customers ($79K).

Disclosure – Contract liabilities

Contract liabilities arise from contracts with customers while revenue received in advance arise from transactions that are not contracts with customers as well as capital grants are included in C6 Payables.

Of the amount included in the contract liability balance on 1 July 2022, $0.132m was recognised as revenue and $1.752m was refunded in 2022-23. The commencement of a capital project was delayed where $300K is carried forward to 2023-24 and is included in Note C6.

The contract liabilities at 30 June 2023 include deferred revenue for Medical Colleges ($32K), and $79K has been received in advance as the programs have not yet commenced. A refund ($4.559m) is payable to the Department representing under activity ($1.413m), Oral Health under activity ($1.543m) and Surgery Connect ($1.601m).

Note C8-1: Contract balances

	2023 $'000	2022 $'000
Contract assets - revenue accruals	**3,373**	1,458
Total contract assets	**3,373**	1,458
Contract liabilities – revenue received in advance	**112**	432
Contract liabilities - refunds payable	**4,559**	1,752
Total contract liabilities	**4,671**	2,184

C9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Note C9-1: Leases as a Lessee 30 June 2023	Right-of-use assets Buildings $'000	 Total $'000
Carrying amount at 1 July 2022	**813**	**813**
Additions	**1,848**	**1,848**
Disposals	**(3)**	**(3)**
Amortisation expense for the year	**(1,684)**	**(1,684)**
Carrying amount at 30 June 2023	**974**	**974**

30 June 2022	Right-of-use assets Buildings $'000	 Total $'000
Carrying amount at 1 July 2021	**1,085**	**1,085**
Additions	**1,334**	**1,334**
Disposals	**(17)**	**(17)**
Amortisation expense for the year	**(1,589)**	**(1,589)**
Carrying amount at 30 June 2022	**813**	**813**

C9 RIGHT OF USE ASSETS & LIABILITIES (continued)

Accounting policy – leases as a 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 be subject to impairment testing on an annual basis.

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

CQHHS 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. Low value is considered where it is expected to cost less than $10,000.

For leases of plant and equipment, CQHHS has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

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 CQHHS 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 CQHHS under residual value guarantees
- the exercise price of a purchase option that CQHHS is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

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

Lease rental payments are expensed on a straight-line basis over the term of the lease where the lease is 12 months or less after consideration of whether renewal options should be included, and leases do contain a purchase option.

Subsequent to initial recognition, the interest is added back to the lease liabilities 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

Details of leasing arrangements as lessee

Category/Class of lease arrangement	Description of arrangement
Buildings	Central Queensland Hospital and Health Service (CQHHS) enters into residential lease contracts with real estate agents or individual house owners to provide rural and remote housing assistance to attract employees in isolated areas.
Concessionary lease for land	CQHHS owns a building which is situated on land owned by the Woorabinda Council. A medical clinic is operating from this building. No lease agreement is in place between the Woorabinda Council and CQHHS and no lease liability is recorded.
Office accommodation	Effective 1 July 2019, the internal-to-government leases for office accommodation and storage facilities through the Department of Energy and Public Works (DEPW) are exempt from lease accounting under AASB 16. This is due to DEPW having substantive substitution rights over the non-specialised, commercial office accommodation assets used within these arrangements. CQHHS has adopted Queensland Treasury's guidelines to categorise these leases as purchases of accommodation services and expenses are recorded as building services in this note and are no longer reported as non-cancellable lease commitments. The related service expenses are included in Note B2-3.

C9 RIGHT OF USE ASSETS & LIABILITIES (continued)

Note C9-2: Leases as a lessee

	2023 $'000	2022 $'000
Amounts recognised in surplus or (deficit)		
Interest expense on lease liabilities	**27**	5
Short-term leases included in Note B2-3	**78**	89
Total cash outflow for leases	**105**	94

Note C9-3: Leases as a lessor

Accounting policy – leases as a lessor

The CQHHS recognises lease payments from operating leases as revenue on a straight-line basis over the lease term. Lease revenue from operating leases is reported as 'Revenue Leases' in Note B1-1. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews. CQHHS does not have any finance leases.

Disclosure – Leases as a lessor

Details of leasing arrangements as lessor

Asset Class	Description of arrangement
Buildings	CQHHS receives property rental payments for facilities owned by CQHHS to outsourced service providers who operate from these facilities.

Maturity analysis

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

	2023 $'000	2022 $'000
Buildings		
Less than 1 year	**21**	1,455
1 to 2 years	**2,080**	1,323
3 to 4 years	**355**	713
5 years	**48**	321
More than 5 years	**101**	108
Total	**2,605**	3,920

CQHHS has 11 operating leases for the 2022-23 (10: 2022) financial year with various parties on different terms and conditions for property and accommodation. The amount of $1.463 million has been received from leases held as a lessor in the 2022-23 financial year (2022: $1.755 million).

SECTION D NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK DISCLOSURES

Note D1-1: Financial instrument categories

CQHHS has the following categories of financial assets and financial liabilities:

Category	Notes	2023 $'000	2022 $'000
Financial assets			
Cash and cash equivalents	C1	**8,703**	12,873
Financial assets at amortised cost:			
Receivables	C2-1	**22,924**	13,401
Total		**31,627**	26,274
Financial liabilities			
Payables	C6	**68,654**	46,468
Lease Liabilities	CF-2	**776**	670
Total		**69,430**	47,138

Note D1-2: Liquidity risk – contractual maturity of financial liabilities

The following table sets out the liquidity risk of financial liabilities held by CQHHS. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at 30 June 2023.

	2023				2022			
Financial Liabilities	Total $'000	<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000	<1 year $'000	1-5 years $'000	>5 years $'000
Payables	**68,654**	**68,654**	**-**	**-**	46,468	46,468	-	-
Lease Liabilities	**776**	**433**	**343**	**-**	670	634	36	-
Total	**69,430**	**69,087**	**343**	**-**	47,138	47,102	36	-

Note D1-3: Financial risk management

A financial instrument is defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The identifiable financial instruments for CQHHS are cash, Queensland Treasury Corporation investments, receivables and payables excluding prepayments and funds held in trust.

Financial risk management is implemented pursuant to Government and CQHHS policies. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of CQHHS.

CQHHS exposure to a variety of financial risks including how these risks are measured, is set out below:

Credit risk

Credit risk in relation to a financial instrument is the risk that a customer, bank or other counterparty will not meet its obligations in accordance with agreed terms. CQHHS has a credit management strategy in place which includes analysing ageing accounts receivable amounts and identifying cash inflows at risk.

CQHHS is exposed to credit risk in respect of its account receivables (Note C2-1). The maximum exposure to credit risk at balance date is equal to the gross carrying amount of the accounts receivable, inclusive of any allowance for impairment.

Trade Debtor categories at risk

The trade debtors have been classified into the following five categories with Medicare ineligible patients and third-party insurance claims being the two categories with the highest credit risk.

1. Medicare ineligible patients with or without private health insurance and where Australia does not have a reciprocal health care agreement with the patient's country of origin.
2. Third party insurance claims for hospital charges pending legal action. The actual settlement of these claims can take many years. CQHHS may not be fully compensated for patients who seek compensation through motor vehicle and third-party insurance claims. The difference between treatment cost and the compensation amounts is written off.
3. Private Health Insurance.
4. Other debtors including payroll receivables
5. Government agencies

D1 FINANCIAL RISK DISCLOSURES (continued)

At 30 June 2023 the overall credit risk is determined to be low.

CQHHS credit risk strategy is to reduce the exposure to credit default by ensuring that CQHHS invests in secure assets considering legislative requirements and monitors all funds owed on a timely basis in accordance with expectations for each customer profile.

Liquidity risk

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

CQHHS is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by managing cash flows ensuring that sufficient funds are available to always meet employee and supplier obligations. An approved debt facility of $8.5 million under Whole-of-Government banking arrangements to manage any short-term cash shortfalls has been established. No funds had been withdrawn against this debt facility as at 30 June 2023.

The current year operating deficit is due to increasing cost pressures across the workforce, supplies and services as well as lower than budgeted activity-based funding revenue due to delivery of activity below contracted levels. Expenditure on patient travel including aeromedical services increased by $4.687 million over the prior year. Other areas of increased expenditure include repairs and maintenance due to balancing the allocation of funding between delivering quality safe patient services and maintaining aging facilities. Outsourced services is also a cost pressure for CQHHS due to staffing resourcing challenges with visiting specialist and anaesthetists leading to CQHHS increasing the outsourcing of services to reduce patient long wait list.

A Financial Recovery and Sustainability Plan has been developed to meet the current level of fiscal challenge faced by the HHS and ensure that health services can be delivered within the annual level of funding in the future. Key components of the plan include achieving and maintaining cost efficiencies and expenditure reductions across labour and non-labour areas, and an improvement in activity and revenue. The HHS has arrangements in place with the Department of Health to ensure there is minimal impact on the level of health services delivered and relies on the Department of Health to provide flexibility in cash advances to address short- and medium-term cash shortfalls as they arise.

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 prices. Market risk comprises foreign exchange risk, interest rate risk and other price risks.

CQHHS is not permitted to trade in foreign currency and is not materially exposed to commodity price changes or other market prices. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CQHHS does not recognise any financial assets or liabilities at fair value. Trade receivables and payables are recorded at the value of the original transaction less any allowances for impairment, which is assumed to approximate the fair value of the balance.

CQHHS has interest rate exposure on the 24-hour call deposits; however, there is no risk on its cash deposits as all interest earned on bank accounts that form part of the Whole-of-Government-Arrangements flow back into the Consolidated Fund (Note C1).

Changes in interest rates have a minimal effect on the operating result of CQHHS.

D2 CONTINGENCIES

(a) Litigation in progress

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

	2023 Number of cases	2022 Number of cases
Supreme Court	**5**	4
District Court	**1**	-
Magistrates Court	**-**	-
Tribunals, commissions and boards	**1**	-
Total	**7**	4

Disclosure – Litigation in progress

Insurance cover for CQHHS's exposure to litigation is underwritten by the Queensland Government Insurance Fund (QGIF) and WorkCover Queensland. For matters managed by QGIF, CQHHS's liability is limited to an excess of $20,000 per insurance event. As at 30 June 2023, CQHHS has 44 claims currently managed by QGIF (some of which may never be litigated or result in payments to claimants). At year end, the maximum exposure associated with these claims is $880,000 (2022:$660,00).

During the financial year, 6 of the medical indemnity claims managed by QGIF were lodged with either the Supreme Court, District Court, or Magistrates Court. CQHHS legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time. As of 30 June 2023, there was 1 open claim before tribunals, commissions or boards that has been referred to QGIF for management or being managed by CQHHS.

D3 CAPITAL COMMITMENTS

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

	2023 $'000	2022 $'000
Property, Plant and Equipment		
No later than 1 year	**4,011**	136
Later than 1 year but no later than 5 years	**165**	7,717
Later than 5 years	**-**	-
Total	**4,176**	7,853

Disclosure – Capital expenditure commitments

Material classes of capital expenditure commitments contracted for at reporting date but not recognised in the accounts as payable.

D4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 using historical experience and other factors that are considered to be relevant. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Activity based funding revenue – Note B1-2
- Property, plant and equipment – Note C5
- Service received below fair value, free of charge – Note B1-3 and Note B2-4

D5 SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 30 June 2023 that have significantly, or may significantly affect CQHHS's operations, the result of those operations, or the HHS's state of affairs in future financial years.

D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

Accounting standards issued but with future commencement dates

There are no Australian accounting standards and interpretations with new or future commencement dates that are applicable to CQHHS activities or have a material impact on CQHHS.

SECTION E NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section discloses CQHHS's original published budgeted figures for 2022-23 compared to actual results, with explanations of major variances, in respect of CQHHS's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

E1.1 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME

	Variance Notes	Original SDS Budget 2023 $'000	Actual 2023 $'000	Original SDS Budget V Actual Variance $'000	Variance % of original budget
OPERATING RESULT					
Income					
User charges and fees	**1**	55,480	**60,374**	4,894	9%
Funding public health services	**2**	671,012	**710,790**	39,778	6%
Grants and other contributions	**3**	24,183	**30,589**	6,406	26%
Other revenue	**4**	3,081	**4,235**	1,154	37%
Total revenue		753,756	**805,988**	52,232	79%
Total income		753,756	**805,988**	52,232	79%
Expenses					
Employee expenses	**5**	85,300	**79,060**	(6,240)	(7%)
Health service employee expenses	**6**	398,941	**456,073**	57,132	14%
Supplies and services	**7**	214,479	**225,746**	11,267	5%
Depreciation	**8**	39,159	**44,973**	5,814	15%
Other expenses		15,877	**17,427**	1,550	10%
Total expenses		753,756	**823,279**	69,523	44%
Operating results		-	**(17,291)**	(17,291)	(100%)
Other comprehensive income *Items that will not be reclassified subsequently to profit or loss*					
Increase/(decrease) in asset revaluation surplus	**9**	-	**80,620**	80,620	100%
Other comprehensive income for the year		-	**80,620**	80,620	100%
Total comprehensive income for the year		-	**63,329**	63,329	100%

Note:

Original Published Budget from the Service Delivery Statement (SDS) has been revised to improve transparency and analysis with comparatives by remapping particular budgeted transactions on the same basis as reported in actual financial statements. Reclassification for the Statement of Comprehensive Income has occurred for:

- User charges and fees in the original SDS have been dissected into user charges and funding public health services.
- Interest revenue has been rolled into other revenue as immaterial by size for individual reporting.
- Health Service employees have moved from under supplies and services and is presented as a labour expense along with employee expenses.
- Grants and subsidies have been rolled into other expenses as immaterial by size for individual reporting.
- Losses on sale/revaluation of assets are rolled into other expenses as immaterial for actual reporting.
- Insurance expenses have been budgeted in the original SDS as supplies and services, however, have been included in other expenses for actual reporting in accordance with Queensland Treasury's financial reporting requirements.
- Any account groups displayed on the SDS with a zero balance have not been included in the statement.

E1.1 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME (continued)

Materiality for notes commentary is based on the calculation of the line item's actual value percentage of the group total, as well as the dollar value. If the percentage is greater than 5%, or the dollar variance is greater than $5m, the line-item variance from budget to actual is reviewed. A note is provided for where this percentage is 5% or greater for employee expenses, supplies and services, and depreciation and 10% or greater for others or the variance is materially different.

Explanation of Major Variances - Statement of Comprehensive Income please

1. User charges and fees: The budget variance is a result of a combination of growth in demand for drugs and therefore increase in the PBS reimbursement being greater than what was anticipated in the original budget. The inter- entity sales revenue for non-capital recoveries is also above budget, which is offset by the non-capitalised related expenditure and minor equipment expenditure. The daily maintenance charge for long term patients and public long term patients' fees are also above original budget.

2. Funding public health service: The budget variance is due to further funding being received in the budget window adjustments. This includes increase in funding for changes in pay rates under the various Enterprise Bargaining agreements certified during the 2022-23 financial year that were not included in the original funding and budget. This is offset by the increase in employee expenses and supplies and services expenses. The funding for depreciation is above budget, with this being offset by the depreciation expense.

3. Grants and other contributions: The budget variance is mainly a result of service below fair value charge for services provided by Shared Services and nursing home benefit funding being higher than budgeted due to the change in Commonwealth funding model during the 2022-23 year.

4. Other revenue: The budget variance relates to increased recoveries from contract staff than anticipated in the budget.

5. Employee expenses: The executive restructure was not yet finalised at the time original budget was set, the finalisation of the executive restructure resulted in a change in executive positions, with Executive Director of Rockhampton and Executive Director of Gladstone & Banana being removed and two new executive positions being created including a Chief Operating Officer and Executive Director of Aboriginal and Torres Strait Islander Health and Wellbeing Directorate.

6. Health services employee expense: Enterprise bargaining increases across various labour categories occurred after the original budget was set. For the 2022-23 financial year a further $22.270m was recognised as labour costs with further funding being recognised to offset these costs (Refer to Note 2). CQHHS has had pressures with several vacancies and higher than average non-productive leave. This has resulted in a combination of engaging higher premium labour through overtime and locum and agency staff to fulfill rosters and higher number of FTE resulting in overtime and agency staff being above budget.

7. Supplies and services: The budget variance is a result of several cost pressures across CQHHS with patient travel being $6.987m above budget because of increases in domestic flight charges and slight increase in patient demand for aeromedical services. This cost pressure was partly offset with additional funding received in amendment Window 4 of $3.25m. Outsourced service delivery expense is above budget due to staff resourcing challenges for medical specialists resulting in increase in referrals to Surgery Connect to outsource urgent patient surgery and assist with managing patient surgery waitlists. Repairs and maintenance is above budget due to the pressure of aging infrastructure and changing legislative compliance considerations to ensure maintain safe space for staff and patients

8. Depreciation: The increase in depreciation against budget relates to changes in the useful life on building assets recommended by valuer and further purchases of and improvements to building throughout the 2022-23 financial year. The increase in the in the buildings from the revaluations from the 2021-22 financial year were not factored into the original budget. The increase in depreciation is offset by the increase in depreciation funding.

9. Other comprehensive income: The budget did not anticipate any increases in the asset revaluation surplus. The land has increased by $0.765m and the building has increased by $79.855m. The land indices ranged from 1% to 1.791% and the building indices is 12%.

E1.2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION

	Variance Notes	Original SDS Budget 2023 $'000	Actual 2023 $'000	Original SDS Budget V Actual Variance $'000	Variance % of original budget
Current Assets					
Cash and cash equivalents	**10**	2,623	**8,703**	6,080	232%
Receivables	**11**	8,786	**22,924**	14,138	161%
Contract assets	**12**	1,458	**3,373**	1,915	131%
Inventories	**13**	5,860	**5,175**	(685)	(12%)
Other assets		1,587	**654**	(933)	(59%)
Total Current assets		20,314	**40,829**	20,515	454%
Non-Current Assets					
Property, plant and equipment	**14**	447,052	**533,634**	86,582	19%
Right-of-use assets	**15**	813	**974**	161	20%
Total Non-Current assets		447,865	**534,608**	86,743	19%
Total Assets		468,179	**575,437**	107,258	23%
Current Liabilities					
Payables	**16**	32,377	**68,654**	36,277	112%
Lease liabilities	**17**	708	**433**	(275)	(39%)
Contract liabilities	**18**	2,184	**4,671**	2,487	114%
Total Current liabilities		35,269	**73,758**	38,489	109%
Non-Current Liabilities					
Lease liabilities	**17**	121	**343**	222	183%
Total Non-Current liabilities		121	**343**	222	183%
Total liabilities		35,390	**74,101**	38,711	109%
Net assets		432,789	**501,336**	68,547	15%
Equity					
Contributed equity		370,818	**376,036**	5,218	1%
Accumulated surplus/(deficit)	**19**	(13,346)	**(30,637)**	(17,291)	130%
Asset revaluation surplus	**20**	75,317	**155,937**	80,620	107%
Total Equity		432,789	**501,336**	68,547	16%

Note:

The Original Published Budget from the Service Delivery Statement (SDS) has been revised to improve transparency and analysis with comparatives by remapping particular budgeted transactions on the same basis as reported in actual financial statements (revised SDS Budget). Reclassification in relation to the Statement of Financial Position has occurred for:

- GST payable has been offset with GST receivable to align with the treatment required in the reporting of actual under Queensland Treasury's Financial Reporting Requirements.
- Accrued employee benefits and unearned revenue in original SDS have been aggregated into payables due to immateriality in size.
- Any account groups displayed on the SDS with a zero balance have not been included in the statement.
- Equity has been disaggregated into contributed equity, accumulated surplus/deficit and asset revaluation surplus for improved transparency.

Materiality for notes commentary is based on the calculation of the line item's actual value percentage of the group total. If the percentage is greater than 5%, the line-item variance from budget to actual is reviewed. A note is provided for where this percentage is 5% or greater for Property, plant and equipment and 10% or greater for others or the variance is materially different.

E1.2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION (continued)

Explanation of major variances - statement of financial position

10. Cash and cash equivalents: The budget variance relates to increased cash received ($19.843m) for various Enterprise Bargaining agreements as an Extraordinary Adjustment to funding. Not all enterprise bargaining agreements that were certified were paid in the 2022-23 financial year. The actual increase in expenditure over the anticipated budget has also led to increased cash being provided to support the expenditure.

11. Receivables: The receivables budget variance is mainly due to the Window 4 adjustment of $8.350m relating to further funding to offset some cost pressures impacting CQHHS and a further $2.739m relating to various programs. where further funding has been recognised in Window 4

12. Contract assets: The contract assets include various funding adjustment for Window 4 with Department totalling $2.024m, with the funding of $2.409m for the enterprise bargaining certified agreements that have occurred in the 2022-23 financial year. A further $1.348m has been included as a contract asset mainly for specialist training placement.

13. Inventories: The decline in the inventory balance is a result of stock that was maintained as a risk mitigating strategy through COVID has been diminished.

14. Property plant & equipment: The movement in the property plant equipment is mainly a result of the revaluations undertaken by AECOM, McGee's and the State Valuation Service that was not included in the budget. The revaluation has resulted in land increasing ($765k) and buildings ($77.855m).

15. Right of use asset: The budget was based on 2021-22 closing balance and did not consider new leases or the amortisation of the leases. In the 2022-23 financial year $1.334m in new leases occurred and $1.684m in amortisation.

16. Payables: The budget variance is a result of the fortnight ending 25th June 2023 payroll not being paid to the Department totalling $27.634m, as well as the accrual for various enterprise bargaining agreements that have been certified in the 2022-23 financial year totalling $11.114m.

17. Lease liabilities (Current & non-current): The budget was based on an estimate of what the breakdown of the current lease liability and non-current lease liability would be. The overall budget variance between the budget and the actual (including both current and non-current) is $52k being 6%.

18. Contract liabilities: The contract liabilities include $1.414m for general under activity, $1.544m for oral health under activity and $1.602m for expenditure for surgery connect that is not eligible to be applied to the cap.

19. Accumulated surplus/(deficit): The budget was prepared as a break-even budget. The variance represents the deficit for the 2022-23 financial year.

20. Asset revaluation surplus: The budget did not anticipate an increase in the asset revaluation surplus. The land has increased by $0.765m and the building has increased by $79.855m. The buildings is based on 12% indexation as recommended by AECOM Valuers.

E1.3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOW

	Variance Notes	Original SDS Budget 2023 $'000	Actual 2023 $'000	Original SDS Budget V Actual Variance $'000	Variance % of original budget
Cash flows from operating activities					
Inflows:					
User charges and fees		55,877	**54,099**	(1,778)	(3%)
Funding public health services	**21**	671,012	**659,579**	(11,433)	(2%)
Grants and other contributions	**22**	16,463	**22,304**	5,841	35%
GST input tax credits from ATO	**23**	13,457	**15,524**	2,037	15%
GST collected from customers		699	**810**	111	16%
Other receipts	**24**	2,865	**3,715**	850	30%
Outflows:					
Employee expenses	**25**	(85,269)	**(78,986)**	6,283	(7%)
Health service employee expenses	**26**	(398,941)	**(437,999)**	(39,058)	10%
Supplies and services		(214,941)	**(217,984)**	(3,043)	1%
GST paid to suppliers	**27**	(13,849)	**(15,308)**	(1,429)	10%
GST remitted to ATO		(725)	**(761)**	(37)	5%
Interest payments on lease liabilities		-	**(27)**	(27)	100%
Other payments		(8,404)	**(8,943)**	(539)	6%
Net cash from/(used by) operating activities		38,244	**(3,977)**	**(42,222)**	
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		71	**134**	63	89%
Outflows:					
Payments for property, plant and equipment	**28**	-	**(28,918)**	(28,918)	100%
Net cash from/(used by) investing activities		71	**(28,784)**	**(28,855)**	
Cash flows from financing activities					
Inflows:					
Equity injections	**29**	34	**30,330**	30,296	89106%
Outflows:					
Principal payments of lease liabilities	**30**	(26)	**(1,739)**	(1,712)	6585%
Equity withdrawals	**31**	(39,159)	**-**	39,159	(100%)
Net cash from/(used by) financing activities		(39,151)	**28,591**	**67,742**	
Net increase/(decrease) in cash and cash equivalents		(836)	**(4,170)**	**(3,334)**	
Cash and cash equivalents at the beginning of the financial year		3,459	**12,873**	**9,414**	**272%**
Cash and cash equivalents at the end of the financial year		2,623	**8,703**	**6,080**	

Note:
Original Published Budget from the Service Delivery Statement (SDS) has been revised to improve transparency and analysis with comparatives by remapping particular budgeted transactions on the same basis as reported in actual financial statements (revised SDS Budget). Reclassification in relation to the statement of cash flows has occurred for:

- User charges in original SDS have been dissected into user charges and funding public health services.
- Interest receipts have been rolled into other receipts as immaterial for actual reporting.

Materiality for notes commentary is based on the calculation of the line item's actual value percentage of the group total. If the percentage is greater than 10%, the line-item variance from budget to actual is reviewed and note provided.

E1.3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOW (continued)

Explanation of Major Variances - Statement of Cash Flows

21. Funding public health services: The budget includes the non-cash of $39.159m relating to depreciation funding which is offsetting the budgeted equity withdrawal, which is not included in the actual figures. This provides a $27.726m favourable budget variance which is mainly result of the various window adjustments through the financial year. A further $4.881m was received in window 2 and $10.215m received in window 3 with a further cash funding of $19.644m received on the 6th June 2023 for various enterprise bargaining agreement certified.

22. Grants & other contributions: The budget variance is partly a result of funds received for the nursing home benefit scheme being $0.830m higher than anticipated in the budget. The remaining variance is a result of other specific grants being higher than anticipated.

23. GST input tax credits from ATO: The budget was based on prior year 2021-22 financial year, with the 2022-23 financial year providing for higher expenditure that includes GST.

24. Other receipts: The budget did not allow for the inter-entity capital recoveries of $0.985m received from department for expenditure on various capital projects that cannot be capitalised.

25. **Employee expenses**: The budget did not consider the restructure change as this was not implemented at the time of preparing the budget. The restructure resulted in the Executive Director of Rockhampton and Executive Director of Gladstone & Banana being removed and two new executive positions being created including a Chief Operating Officer and Executive Director of Aboriginal and Torres Strait Islander Health and Wellbeing Directorate.

26. Health service employee expenses: The budget variance is due to various enterprise bargaining agreements being certified with $11.156m being paid in the 2022-23 financial year. The remaining variance is a result of premium labour being paid as a result of both overtime and the use of locum and agency staff to fill the rosters.

27. GST paid to suppliers: The budget was based on prior year 2021-22 financial year, with the 2022-23 financial year providing for higher expenditure that includes GST.

28. Payment for property, plant and equipment: The budget variance is due to the budget for capital acquisitions being held by the Department and therefore no budget provided for by CQHHS.

29. Equity Injections: Equity injections are above budget because the capital budget is held by the Department who reimburse CQHHS for payments made in relation to capital works that are funded by the Department by the way of equity injections. The cashflow was difficult to estimate when preparing budget.

30. Principal payments for lease liabilities: Insufficient outlay of cash was allowed in the original budget for lease liabilities.

31. Equity withdrawals: Budget included the depreciation equity withdrawal as a cash flow item. This is a non-cash flow item. The Department Funding budget also includes the Depreciation funding of $39.159m.

SECTION F WHAT WE LOOK AFTER ON BEHALF OF THIRD PARTIES

F1 TRUST TRANSACTIONS AND BALANCES

CQHHS administers, but does not control, certain activities on behalf of the Government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively. But does not have the discretion to deploy those resources for the achievement of CQHHS own objectives.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

The CQHHS acts in a custodial role in respect of these transactions and balances. As such, they are not recognised in the financial statements, but are disclosed below for information purposes. The activities of trust accounts are audited by the Queensland Audit Office (QAO) on an annual basis.

	2023 $'000	2022 $'000
Patient trust receipts and payments		
Receipts		
Patient trust receipts	**5,137**	4,888
Total receipts	**5,137**	4,888
Payments		
Patient trust payments	**5,181**	4,833
Total payments	**5,181**	4,833
Increase/(decrease) in net patient trust assets	**(44)**	55
Patient trust assets opening balance	**1,011**	956
Patient trust assets closing balance	**967**	1,011
Patient trust assets		
Current assets		
Cash at bank and on hand	**595**	639
Patient trust and refundable deposits	**372**	372
Total	**967**	1,011

F2 GRANTED PRIVATE PRACTICE

Granted Private Practice permits Senior Medical Officers (SMOs) and Visiting Medical Officers (VMOs) employed in the public health system to treat individuals who elect to be treated as private patients. SMOs and VMOs receive a private practice allowance and assign practice revenue generated to the Hospital (assignment arrangement). Alternatively, SMOs and VMOs pay a facility charge and administration fee to the Hospital and retain an agreed proportion of the private practice revenue (retention arrangement) with the balance of revenue deposited into a trust account to fund research and education of clinical staff. In addition, all SMOs and VMOs engaged in private practice receive an incentive on top of their regular remuneration. Receipts and payments relating to both the granted private practice arrangements and right of private practice system during the financial year are as follows:

	2023 $'000	2022 $'000
Receipts		
Billings - (Senior Medical Officers and Visiting Medical Officers)	**2,491**	3,551
Total receipts	**2,491**	3,551
Payments		
Payments to Senior Medical Officers and Visiting Medical Officers	**2,443**	3,686
Hospital and Health Service recoverable administrative costs	**348**	396
Hospital and Health Service education/travel fund	**10**	3
Total payments	**2,801**	4,085
Closing balance of bank account under a trust fund arrangement not yet disbursed and not restricted cash	**153**	189

SECTION G OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

The Minister for Health, Mental Health and Ambulance Services and Minister for Women is identified as part of the CQHHS's key management personnel (KMP), consistent with additional guidance included in *AASB 124 Related Party Disclosures*.

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

During the 2022-23 financial year CQHHS underwent an executive restructure to meet future challenges and to improve our models of service delivery in line with CQHHS's Destination 2030 strategy. This restructure involved in implementing several key positions including:

- Chief Operating Officer
- Executive Director of Aboriginal and Torres Strait Islander Health.

The above key position led to a further Senior Leadership Team of General Manager positions across various significant areas of the Health Services replacing the Executive Director of Rockhampton and Executive Director Gladstone & Banana. The following General Manager positions were created:

- General Manager (Rockhampton, Capricorn Coast and Mt Morgan)
- General Manager (Gladstone and Banana)
- General Manager (Mental Health, Alcohol and Other Drugs).

The following details for non-Ministerial key management personnel reflect those positions that have authority and responsibility for planning, directing and controlling the activities of CQHHS during the current financial year:

Position	Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Non-executive Board Chair Provide strategic leadership, guidance and effective oversight of management, operations and financial performance.	Mr Paul Bell AM	Hospital and Health Boards Act 2011 Section 25 (1)(a)	25 September 2015	-
Non-executive Deputy Board Chair Provide strategic leadership, guidance and effective oversight of management, operations and financial performance.	Ms Lisa Caffery	Hospital and Health Boards Act 2011 Section 25 (1)(b)	10 June 2021	-
Non-executive Board Members Provide strategic leadership, guidance and effective oversight of management, operations and financial performance.	Dr Poya Sobhanian	Hospital and Health Boards Act 2011 Section 23 (1)	18 May 2016	-
	Ms Tina Zawila	Hospital and Health Boards Act 2011 Section 23 (1)	17 May 2019	-
	Ms Leann Wilson	Hospital and Health Boards Act 2011 Section 23 (1)	17 May 2019	-
	Mr Matthew Cooke	Hospital and Health Boards Act 2011 Section 23 (1)	17 May 2019	-
	Professor Fiona Coulson	Hospital and Health Boards Act 2011 Section 23 (1)	18 May 2020	-
	Mr John Abbott AM	Hospital and Health Boards Act 2011 Section 23 (1)	18 May 2021	-
	Ms Michelle Webster	Hospital and Health Boards Act 2011 Section 23 (1)	18 May 2022	-
Health Service Chief Executive Responsible for the overall leadership and management of the CQHHS to ensure that CQHHS meets its strategic and operational objectives.	Dr Emma McCahon	s33 Appointed by Board under Hospital and Health Boards Act 2011 (Section 7 (3)).	4 April 2022	-

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Position	Incumbent	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Chief Finance Officer, Assets, and Commercial Services Responsible for the management and oversight of the CQHHS finance framework including financial accounting, budget and performance management frameworks, assets and commercial services, information and technology, and corporate governance systems.	Mr Colin Weeks	HES 2 Appointed by CE under HHB Act 2011	14 April 2020	06 December 2022
	Ms Nicole Trost (Acting)	HES 2 Appointed by CE under HHB Act 2011	07 December 2022	-
Chief Operating Officer Responsible for the leadership, management and coordination of the operations of CQHHS	Ms Pauline McGrath	HES 2 Appointed by CE under HHB Act 2011	14 November 2022	-
Executive Director Medical Services Central Queensland Responsible for the strategic and professional functions for CQHHS medical workforce, and clinical governance.	Professor Pooshan Navathe	MMOI1 Appointed under Medical Officers (Queensland Health) Award – State 2015 and Medical Officer (Queensland Health) Certified Agreement (No. 4) 2015	12 July 2021	-
Executive Director Allied Health Responsible for the leadership, management and professional leadership and functions of the allied health workforce.	Ms Kerrie-Anne Frakes	HP7 Appointed under (Queensland Health) Health Practitioners and Dental Officers Award – State 2015 and Health Practitioners and Dental Officers certified agreement (No.4) 2022	16 January 2023	-
Executive Director of Nursing Midwifery Quality and Safety Responsible for the strategic and professional leadership of nursing workforce.	Ms Susan Foyle	NRG13 Appointed under Nurses and Midwives (Queensland Health) Award - State 2015 and Nurse and Midwives (Queensland Health and Department of Education) Certified Agreement (EB10) 2018	13 November 2018	-
Executive Director, Workforce Responsible for provision of leadership and oversight of human resource, occupational health and safety functions, and Indigenous training and development for the Health Service.	Ms Shareen McMillan	HES 2 Appointed by CE under HHB Act 2011	03 December 2018	-
Executive Director, Aboriginal and Torres Strait Islander Health and Wellbeing Directorate Responsible for leading development and implementation of health programs and service improvement for the Aboriginal & Torres Strait and Islander community across CQHHS	Ms Donna Cruickshank	HES 2 Appointed by CE under HHB Act 2011	13 June 2022	-
Executive Director, Rockhampton Hospital Responsible for the leadership, management and coordination of the Rockhampton Hospital Business Unit.	Mr Andrew Jarvis (Acting)	HES 2 Appointed by CE under HHB Act 2011	30 May 2022	22 January 2023
Executive Director, Gladstone & Banana Hospital Responsible for the leadership, management and coordination of the Gladstone & Banana Hospital Business Unit.	Ms Monica Seth (Acting)	HES 2 Appointed by CE under HHB Act 2011	28 March 2022	22 January 2023

General Manager, Rockhampton, Capricorn and Mt Morgan As a member of the Chief Operating Officer's management team responsible for the leadership, management, and coordination of the strategic development and innovative delivery of CQHHS clinical services.	Ms Allison Cassidy	HES 2 Appointed by CE under HHB Act 2011	23 January 2023	-
General Manager, Central Queensland Mental Health, Alcohol & Other Drugs As a member of the Chief Operating Officer's management team responsible for the leadership, management, and coordination of the strategic development and innovative delivery of CQHHS clinical services.	Mr Gary Forrest	HES 2 Appointed by CE under HHB Act 2011	16 January 2023	-
General Manager, Gladstone and Banana As a member of the Chief Operating Officer's management team responsible for the leadership, management, and coordination of the strategic development and innovative delivery of CQHHS clinical services.	Mr Jamie Spencer	HES 2 Appointed by CE under HHB Act 2011	23 January 2023	-

Remuneration policy

Section 74(1) of the *Hospital and Health Boards Act 2011* provides that each person appointed as a Health Executive must enter into a contract of employment. The Health Service Chief Executive must enter into the contract of employment with the Chair of the Board for the Hospital and Health Service and a Health Executive employed by a Hospital and Health Service must enter into a contract of employment with the Health Service Chief Executive. The contract of employment must state the term of employment (no longer than 5 years per contract), the person's functions and any performance criteria as well as the person's classification level and remuneration entitlements.

Remuneration packages for key executive management personnel comprise the following components:

- Short-term employee benefits which include: **Monetary benefits** – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the statement of comprehensive income. **Non-monetary benefits** – consisting of provision of reportable as well as exempt benefits together with fringe benefits tax applicable to the benefit. Benefits provided to individual employees working for a public and non-profit hospital under a salary package arrangement where the grossed-up value is equal or lower than $17,667 are not reported in this Note.
- Long-term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of termination, regardless of the reason for termination.
- No performance bonuses were paid in the 2022-23 financial year (2022: $nil).

Board remuneration

Remuneration paid or owing to Board members during 2022-23 was as follows:

Board Member	Short-term employee expenses		Post employee expenses	Total Expenses
	Monetary expenses	Non-monetary expenses		
	$'000	$'000	$'000	$'000
Mr Paul Bell (AM) - Chair	87	-	9	**96**
Ms Lisa Caffery - Deputy Chair	44	-	5	**49**
Dr Poya Sobhanian	50	-	5	**55**
Ms Tina Zawila	47	-	5	**52**
Ms Leann Wilson	43	-	5	**48**
Mr Matthew Cooke	47	-	5	**52**
Professor Fiona Coulson	47	-	5	**52**
Ms Michelle Webster	47	-	5	**52**
Mr John Abbott AM	46	-	5	**51**

* Board members who are employed by either CQHHS or the Department of Health are paid board fees when approved by government based on the meeting attended has been included.

KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration paid or owing to Board members during 2021-22 was as follows:

Board Member	Short-term employee expenses		Post employee expenses	Total Expenses
	Monetary expenses	Non-monetary expenses		
	$'000	$'000	$'000	$'000
Mr Paul Bell (AM) - Chair	93	-	9	**102**
Ms Lisa Caffery - Deputy Chair	47	-	5	**52**
Dr Poya Sobhanian	50	-	5	**55**
Dr Anna Vanderstaay	28	-	3	**31**
Ms Tina Zawila	50	-	5	**55**
Ms Leann Wilson	43	-	4	**47**
Mr Matthew Cooke	35	-	4	**39**
Professor Fiona Coulson	46	-	5	**51**
Ms Michelle Webster	11	-	1	**12**
Mr John Abbott AM	47	-	5	**52**

* Board members who are employed by either CQHHS or the Department of Health Queensland are paid Board fees when approved by government.

Other key management personnel remuneration

Remuneration paid or owing to employees who occupied key management roles, including while providing leave cover during 2022-23 was as follows:

2022-23

Position	Short-term employee expenses		Long term expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary expenses				
	$'000	$'000	$'000	$'000	$'000	$'000
Health Service Chief Executive	492	20	12	49	-	**573**
Chief Finance Officer, Assets and Commercial Services	227	-	5	18	1	**251**
Chief Operating Officer	163	34	4	17	-	**218**
Executive Director, Medical Service Central Queensland	553	-	12	42	-	**607**
Executive Director, Allied Health	176	-	4	19	-	**199**
Executive Director, Nursing, Midwifery, Quality and Safety	583	-	12	56	-	**651**
Executive Director, Workforce	188	-	4	18	-	**210**
Executive Director Aboriginal & Torres Strait Islander Health & Wellbeing	199	23	5	20	-	**247**
Executive Director, Rockhampton Hospital	131	-	3	11	-	**145**
Executive Director, Gladstone & Rural	124	-	3	11	-	**138**
General Manager, Rockhampton, Capricorn and Mt Morgan	100	26	2	10	-	**138**
General Manager, Central Queensland Mental Health, Alcohol & Other Drugs	93	-	2	10	-	**105**
General Manager, Gladstone and Banana	94	14	2	10	-	**120**

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration paid or owing to employees who occupied key management roles, including while providing leave cover during 2021-22 was as follows:

2021-22

Position	Short-term employee expenses		Long term expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary expenses				
	$'000	$'000	$'000	$'000	$'000	$'000
Health Service Chief Executive	408	27	10	40	-	**485**
Chief Finance Officer, Assets and Commercial Services	214	-	5	22	-	**241**
Executive Director, Medical Service Central Queensland	568	2	13	45	-	**628**
Executive Director, Rockhampton Hospital	196	-	4	17	-	**217**
Executive Director, Gladstone and Rural	273	-	6	25	-	**304**
Executive Director, Nursing, Midwifery, Quality and Safety	504	-	9	39	-	**552**
Executive Director, Workforce	191	-	4	19	-	**214**
Executive Director Aboriginal &Torres Strait Islander Health & Wellbeing	11	-	-	1	-	**12**
Director, Aboriginal & Torres Strait Islander Health & Wellbeing	129	1	3	11	-	**144**

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to key management personnel
There are no transactions with people/entities related to key management personnel.

Transactions with Queensland Government controlled entities
CQHHS is controlled by its ultimate parent entity, the State of Queensland. All State of Queensland controlled entities meet the definition of a related party in *AASB 124 Related Party Disclosures*.

Department of Health Queensland

Procurement of public hospital services

CQHHS receives funding in accordance with a service agreement with the Department. The Department receives its revenue from the Queensland Government (majority of funding) and the Commonwealth. CQHHS is funded for eligible services through block funding; activity-based funding or a combination of both. Activity based funding is based on an agreed number of activities per the Service Agreement and a state-wide price by which relevant activities are funded. Block funding is not based on levels of public care activity.

The funding from Department is provided predominantly for specific public health services purchased by the Department from CQHHS in accordance with a service agreement between the Department and CQHHS. The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by CQHHS.

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

In addition, the Department provides services free of charge to CQHSS which include payroll, accounts payable, finance, taxation, procurement and information technology infrastructure services. The fair value of these services is estimated at $7.911 million for the 2022-23 financial year and is recognised in the Statement of Comprehensive Income. The associated business expenses paid by the Department on behalf of CQHHS for providing these services are recouped by the Department.

Health service employees

CQHHS is not a prescribed employer and 3,356 (2022: 3,360) health service employees (MOHRI FTE) are employed by the Department and contracted to work for CQHHS.

Queensland Treasury Corporation

CQHHS has accounts with the Queensland Treasury Corporation for general and fiduciary trust monies.

Department of Energy and Public Works

CQHHS pays rent to the Department of Energy and Public Works for several properties used for employee accommodation, offices etc. In addition, the Department of Energy and Public Works provides vehicle fleet management services (QFleet) to CQHHS.

Transactions between Hospital and Health Services

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

CQShines Foundation

The Governor in Council approved CQShines Foundation to be established on 2 October 2020. CQHHS has provided secretarial advice and support in both the establishment and operations of the Foundation. The fair value of these services cannot be measured reliably and therefore is not included in the financial statements.

Other

Grants are also received from other Government departments and related parties, but there are no individually significant transactions.

G3 FEDERAL TAXATION CHARGES

CQHHS 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). The Australian Taxation Office has recognised the Department of Health Queensland and the sixteen 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 Department, with payments/ receipts made on behalf of the Hospital and Health Services reimbursed to/from the Department on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis.

G4 CLIMATE RISK DISCLOSURE

CQHHS considers climate-related risks when assessing material accounting judgements and estimates used in preparing its financial report. Key estimates and judgements identified include the potential for changes in asset useful lives, changes in the fair value of assets, impairment of assets, the recognition of provisions or the possibility of contingent liabilities.

No adjustments to the carrying value of assets were recognised during the financial year as a result of climate-related risks impacting current accounting estimates and judgements. No other transactions have been recognised during the financial year specifically due to climate-related risks impacting CQHHS.

CQHHS continues to monitor the emergence of material climate-related risks that may impact the financial statements of the department, including those arising under the Queensland Government Climate Action Plan 2020-2030 and other Government publications or directives.

APPENDICES

APPENDIX 1 - MANAGEMENT CERTIFICATE

Certificate of Central Queensland Hospital and Health Service

These general-purpose financial statements have been prepared pursuant to section 62(1) (a) of the *Financial Accountability Act 2009* (the Act), relevant sections 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 statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Central Queensland Hospital and Health Service for the financial year ended 30 June 2023 and of the financial position of the Central Queensland Hospital and Health Service as at the end of that year.

We acknowledge our responsibility under sections 7 and 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.

Mr Paul Bell, AM
Chairperson Health Service
Date: 25 August 2023

Dr Emma McCahon
Chief Executive
Date: 25 August 2023

Nicole Trost
Acting Chief Finance Officer
Date: 25 August 2023

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of Central Queensland Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Central Queensland 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.

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.

Queensland Audit Office
Better public services

Valuation of specialised buildings ($470.63 million)

Refer to note C5 in the financial report

Key audit matter	How my audit addressed the key audit matter
Buildings were material to Central Queensland Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. Central Queensland Hospital and Health Service performed a comprehensive revaluation of 37 per cent of its building and site improvement assets this year as part of the rolling revaluation program. All other buildings were assessed using relevant indices. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. Central Queensland Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: – estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g., $/square metre) – identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components. The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense. Using indexation required: • significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation • reviewing assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used.	My procedures included, but were not limited to: • assessing the adequacy of management's review of the valuation process • assessing the competence, capabilities and objectivity of the valuation specialist • reviewing the scope and instructions provided to the valuer, and obtaining an understanding of the methodology used and assessing the appropriateness 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 • for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: – modern substitute (including locality factors and oncosts) – adjustment for excess quality or obsolescence • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • recalculating the application of the indices to asset balances • evaluating useful life estimates for reasonableness by: – reviewing management's annual assessment of useful lives – testing that no 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 they 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.

Report on other legal and regulatory requirements

Statement

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

30 August 2023

D J Toma
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

Word	Definition
Activity Based Funding (ABF)	A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: • capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management's focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
CEO	Chief Executive Officer
CQ	Central Queensland
CQ Health	Central Queensland Hospital and Health Service
EAS	Employee Assistance Service
FTE	Full time equivalent. Refers to full-time equivalent staff currently working in a position.
HSCE	Health Service Chief Executive
ICT	Information and Communication Technology
ieMR	integrated electronic Medical Record
ISACA	Information Systems Audit and Control Association
LANA	Local Area Needs Assessment
LGBTIQ+	Lesbian, gay, bisexual, transgender, intersex and queer/ questioning. The + represents other identities not captured in the letters of the acronym.
MBA	Master of Business Administration
MPHS	Multipurpose Health Service
MRSA	Methicillin-resistant Staphylococcus aureus
SAB	Staphylococcus aureus bloodstream
SAC	Severity Access Code
UQ	University of Queensland
WAU	Weighted activity unit

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• **A letter of compliance from the accountable officer or statutory body to the relevant Minister/s**	ARRs – section 7	iii
Accessibility	• **Table of contents** • **Glossary**	ARRs – section 9.1	iv 84
	• **Public availability**	ARRs – section 9.2	i
	• **Interpreter service statement**	*Queensland Government Language Services Policy* ARRs – section 9.3	i
	• **Copyright notice**	*Copyright Act 1968* ARRs – section 9.4	i
	• **Information Licensing**	*QGEA – Information Licensing* ARRs – section 9.5	i
General information	• **Introductory Information**	ARRs – section 10	3
Non-financial performance	• **Government's objectives for the community and whole-of-government plans/specific initiatives**	ARRs – section 11.1	1
	• **Agency objectives and performance indicators**	ARRs – section 11.2	3, 27-32
	• **Agency service areas and service standards**	ARRs – section 11.3	32-34
Financial performance	• **Summary of financial performance**	ARRs – section 12.1	34-35
Governance – management and structure	• **Organisational structure**	ARRs – section 13.1	16-18
	• **Executive management**	ARRs – section 13.2	14-16
	• **Government bodies (statutory bodies and other entities)**	ARRs – section 13.3	11-12
	• **Public Sector Ethics**	*Public Sector Ethics Act 1994* ARRs – section 13.4	25-26
	• **Human Rights**	*Human Rights Act 2019* ARRs – section 13.5	26
	• **Queensland public service values**	ARRs – section 13.6	25
Governance – risk management and accountability	• **Risk management**	ARRs – section 14.1	24
	• **Audit committee**	ARRs – section 14.2	13-14
	• **Internal audit**	ARRs – section 14.3	24
	• **External scrutiny**	ARRs – section 14.4	24
	• **Information systems and recordkeeping**	ARRs – section 14.5	24-25
	• **Information Security attestation**	ARRs – section 14.6	25
Governance – human resources	• **Strategic workforce planning and performance**	ARRs – section 15.1	18-23
	• **Early retirement, redundancy and retrenchment**	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	23
Open Data	• **Statement advising publication of information**	ARRs – section 16	24
	• **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	79
	• **Independent Auditor's Report**	FAA – section 62 FPMS – section 46 ARRs – section 17.2	80-83

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

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