South West Hospital and Health Service

2019–2020 ANNUAL REPORT

Queensland Government

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

An electronic copy of this report is available at: http://www.health.qld.gov.au/southwest**.** Hard copies of the annual report are available by phoning (07) 4505 1544. Alternatively, you can request a copy by emailing SWHHS_Board@health.qld.gov.au.

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Acknowledgement

The South West Hospital and Health Service acknowledges the traditional custodians of the lands upon which health services are provided in South West Queensland and acknowledges Elders; past, present and future and pays its respect to the wisdom, knowledge and leadership of the Elders.

We are proud to recognise the cultural diversity of our communities and workforce. The traditional owner groups align with facilities over the service area.

Augathella – Bidjara (Bid-jara)

Bollon – Kooma (Coo-ma)

Charleville – Bidjara (Bid-jara)

Cunnamulla – Kunya (Koun-yah)

Dirranbandi – Kooma (Coo-ma)

Injune – Kongabula (Kong-ga-bull-a)

Mitchell – Gunggari (Gon-gari)

Morven – Bidjara (Bid-jara)

Mungindi – Kamilaroi (Car-milla-roy)

Quilpie – Bunthamarra (Bun-tha-mar-ra) and Wangkumara (Wong-ka-mara)

Roma – Mandandanji (Mand-an-dand-gee)

St George – Kooma (Coo-ma) with Kamilaroi, Mandandanji, Bigambul and Gungarri interests

Surat – Mandandanji (Mand-an-dand-gee) Thargomindah – Kullila (Coo-lee-lar)

Wallumbilla – Mandandanji (Mand-an-dand-gee)

Letter of compliance

24 August 2020

The Honourable Steven Miles MP
Deputy Premier, Minister for Health and Minister for Ambulance Services
GPO Box 48
Brisbane Qld 4001

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual Report 2019-20 and financial statements for the South West Hospital and Health Service.

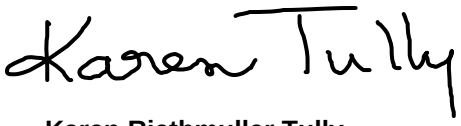
I certify that this Annual Report complies with:

- 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 77-78 of this annual report.

Yours sincerely



Karen Riethmuller Tully
Board Chair
South West Hospital and Health Service

Contents

Statement on government objectives for the community

The South West Hospital and Health Service (HHS) is committed to *Our Future State: Advancing Queensland's Priorities*. In 2019-20 we continued to contribute towards the Queensland Government objectives for the community with strategies and services aligned with the outcomes of 'Create jobs in a strong economy', 'Give all our children a great start', 'Keep Queenslanders healthy', 'Keep communities safe' and 'Be a responsive government'.

The strategic initiatives outlined in the priority areas of our communities, our teams, our resources and our services in the South West Hospital and Health Service Strategic Plan 2018-2022 (Revised 2019) align with the Queensland Government objectives for the community. South West HHS supports the directions outlined in *My health, Queensland's future: Advancing health 2026* by continually enhancing health care delivery through co-design with patients and our communities, and collaborating with government agencies, service providers and the community with the common purpose of improving the health and wellbeing of South West Queenslanders. The South West HHS is committed to a healthier future for South West Queenslanders.

Create jobs in a strong economy
South West HHS continues to be one of the largest employers in the region providing employment for 801 full-time equivalent positions. During the year the new Roma Hospital Redevelopment construction project has provided economic benefit across the community.

Give all our children a great start
By providing excellent care to our children through the delivery of the Universal Child Health Integrated model and continuing of the Healthy Outback Kids Program focussed on the first 3,000 days life and pre-natal milestones for Mums.

Keep Queenslanders healthy
By empowering our communities to be self-determining and to promote healthier choices in communities while investing in wellbeing initiatives such as toolkits and toolbox talks to improve the overall health and wellbeing of communities through local community champions and community advisory networks. Strong partnerships with other key providers have been strengthened to integrate primary, community and secondary care. This also included implementation and expansion of models such as the Health Care Home Model and Cardiac Service Model and implementing strategies to improve health outcomes for disadvantaged groups including local Indigenous communities.

Keep communities safe
By implementing tri-weekly safety briefing for clinicians to enhance safety and quality improvements and the delivery of health outcomes positioning people at the centre of planning, design, delivery and improvement.

Be a responsive government
By continuing to increase strategic partnerships with the primary health care sector and strengthening alliances to improve health outcomes for South West communities and empowering our people through a culture of continuous learning and support to delivery high quality health outcomes.

From the Chair and Chief Executive

South West HHS continued a strategic transformational journey with the implementation of the South West HHS Strategic Plan 2018-2022 and the 2019-20 year marked the second year of our journey to become a national leader in the delivery of health services to rural and remote communities. It has been a productive and successful year, built on the strong foundations of the previous year, as we have continued our work to arrest the poor health determinants that impact on health and wellbeing across the South West.

With the latter six months of the year focused on responding to the COVID-19 pandemic, South West HHS was able to continue progress in relation to several of our key priorities. Our key focus areas have been on continuing to develop strong, innovative and meaningful partnerships with other leading stakeholders to enable integration and delivery of joined up programs, workforce expertise and funding; strengthening relationships and partnerships with our Aboriginal and Torres Strait Islander peoples to implement strategies and initiatives to improve their health outcomes; progressing the primary and community care agenda; embedding and delivering person-centred care; working with local communities to build healthy community capability and developing our workforce. At the same time, we were quickly able to adapt to introducing new models of care during the COVID-19 pandemic to ensure the safety and protection of our consumers and communities.

Safety and Quality

Our commitment and initiatives to deliver excellence against the National Safety and Quality Health Service (NSQHS) Standards continues to grow from strength to strength. Each acute service area adopted the 'Patient Safety and Quality Performance Boards' as a way of sharing our performance and areas of focused continuous improvement with staff, consumers and the community. In February 2020 South West HHS went through its three-year accreditation process. On this occasion the South West HHS was assessed against the second edition of the National Safety and Quality Health Service (NSQHS) standards for the first time and was successful in receiving accreditation for a further three years. Strengths identified by the accreditors included strong governance processes, alignment with policy and procedures and good care being provided with particular mention of the Village Connect agenda, Compassionate Care Bundle, Person-Centred Map, staff and consumer engagement strategies, extensive commitment to Aboriginal and Torres Strait Islander peoples' health and the commitment to the philosophy of being "accreditation-ready-every-day".

Our emphasis is on providing person-centred and compassionate care at every touch point and this increases the confidence our communities have in us, and what our organisation stands for. The Compassionate Care Bundle implemented in 2019 was recognised with a "Highly Commended" in Queensland Health's Pursuing Innovation category at the Queensland Health Annual Awards for Excellence. Compassionate care is central to person-centred care and our goal is to ensure the person's journey is framed within a bundle of key elements with nursing and healthcare staff placing the person at the centre of their care.

Partnerships

As part of our commitment to strengthening partnerships and delivering enhanced health outcomes for our consumers a significant advancement for health in Western Queensland was the alliance formed between the Cunnamulla Aboriginal Corporation for Health (CACH), Charleville and Western Areas Aboriginal and Torres Strait Islander Community Health Ltd (CWAATSICH), South West HHS and the Western Queensland Primary Health Network (WQPHN). This alliance involves local planning and commissioning to deliver integrated health services in the far west region to achieve quality outcomes for communities and, particularly those people living with a chronic disease, making sure every person has access to the right care for them in the service that best suits their needs.

South West HHS partnered with North West HHS, Central West HHS and the WQPHN to develop HealthPathways for the Western Qld region. HealthPathways is an online portal containing local pathways of care to assist GPs and primary care clinicians to make decisions in the assessment, management and referral of patients. This initiative was brought forward and released earlier than scheduled to support health professionals in the management of the COVID-19 pandemic.

Healthier communities

Central to the achievement of our strategic goals and objectives has been the advancement of our health and wellbeing agenda. The 'healthy communities' initiatives are designed to support and encourage our communities to eat well, be more active and change unhealthy lifestyle behaviours whilst helping our residents consider how high risk factors such as a sedentary and inactive lifestyle, unhealthy weight, unhealthy eating, smoking and alcohol consumption are impacting on their health and lifestyle. It will be changes in lifestyle behaviours that will prevent the onset of disease and lead to arresting the poor health determinants that have historically impacted on the health and wellbeing of our residents.

Indigenous Health

South West HHS has a very specific direction for Aboriginal and Torres Strait Islander people's health with a strong mandate to provide culturally safe health services and invest in projects and services that make a real difference to our First Nations people. We are committed to improving cultural awareness and the cultural competency of our workforce and services. Our commitment to building a healthier, safe and stronger community for a shared future has been demonstrated by welcoming Mr Rodney Landers Snr to the Executive Leadership Team and strengthening and nurturing relationships and partnerships with local Aboriginal and Torres Strait Islander communities, Aboriginal Medical Services and local Elders.

Infrastructure

During the year there was significant progress with the construction of the new Roma Hospital as part of the Queensland Government's Enhancing Regional Hospital Program. The new hospital, a state-of-the-art contemporary health facility will serve the region for many years to come. At 30 June 2020 the facility was nearing completion with opening scheduled later in the year. Significant work has been undertaken preparing staff to transition to the new facility with the integration of services from across several sites.

A new Surat Primary Healthcare Clinic was constructed adjacent to the Surat Multipurpose Health Service and is nearing completion, with an official opening scheduled for July 2020. This is a significant milestone for the Surat Community and will deliver enhanced general practices for the community. A state-of-the-art health training facility is also under construction at the Charleville Campus. Construction of this training facility is being funded by the Commonwealth Government in support of Southern Queensland Rural Health (SQRH), a University Department of Rural Health established as a collaboration between The University of Queensland, University of Southern Queensland, Darling Downs Health and South West HHS as a focal point for health training and support for nursing, midwifery and allied health students.

During the year progress was also made on our infrastructure Master Plan following successful engagement across the South West with our local government partners, community advisory networks and facility management. This is planned to be finalised in 2020-21 and will be invaluable for our long-term infrastructure planning to deliver innovative and enhanced models of care for our communities.

Community Connection

Our community and consumer engagement is a key priority for South West HHS and continues to go from strength to strength. We continue to maintain a strong rapport and positive relationships with our communities because we know how vital it is to work together to build a strong responsive health service where the needs of our communities are met and communities are healthier and happier places. We respect the right for all community members to be informed, consulted, involved and empowered. Engagement is a powerful tool for working together to shape better health outcomes and influence systems and there have been further initiatives introduced to seek input from our communities, for example, the establishment of a Consumer of Interests Register and implementation of consumer focus groups. We are truly proud of the work done by and with our Community Advisory Networks (CAN) and thank them for their valued input. During the second half of the year we have communicated extensively with our CANs to provide up to date information on the COVID-19 response and to provide confidence and assurance in the health system and its readiness.

COVID-19

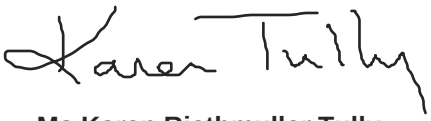
With our focus in the second half of the financial year 2019-20 shifting to the COVID-19 pandemic response and recovery, South West HHS was able to quickly adapt and respond to the emerging unprecedented pandemic facing the globe. Our communities are our number one priority and South West HHS is investing all the time required to ensure that vital work is undertaken to protect and keep our communities safe. Our Health Emergency Operations Centre was stood up and the Pandemic Plan activated. Plans were developed, refined and tested for the safety and protection of our communities. We moved rapidly to fast track innovative medical care models such as Hospital in the Home and expand telehealth and virtual care mechanisms so that any disruption to services was minimised. We worked closely with our consumers, communities, key agencies and disaster management groups to ensure structures and mechanisms were in place to respond with communication being vital. Through the collective efforts and exemplary response of our staff, our communities and partners stepping up, South West HHS has been able to remain COVID free.

We would like to acknowledge the engagement and efforts displayed by staff in response to the COVID-19 pandemic and managing the transition while maintaining high-quality services, focusing our energy on delivering high quality health outcomes for our communities. We will continue to be COVID-19 ready in 2020-21.

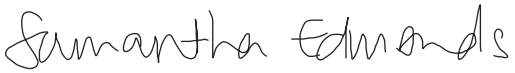
In May we farewelled Mr Jim McGowan AM from the position of Board Chair and also Board members Dr John Scott and Mr Stewart Gordon. We sincerely thank them for their tireless advocacy, diligence and guidance for the people in the South West. We congratulated Mr Ray Chandler on his reappointment and welcomed Dr Mark Waters and Ms Kerry Crumblin. We were delighted to have Aboriginal and Torres Strait Islander peoples' representation on the Hospital and Health Board with the appointment of Ms Crumblin.

Focus areas for 2020-21 include the next phase of person-centred models of care, optimising telehealth and healthcare home, cardiac service enhancements, healthy older persons initiatives, healthy communities' initiatives, further promoting culturally safe care and increasing our staff engagement and development. We will work closely with our patients and their families to co-design integrated models of care that work for them, as well as for our staff who provide the care. We look forward to building on the success of 2019-20 in the coming year as we work towards achieving the best health outcomes for our communities.

Finally, on behalf of the Board and Executive Leadership Team, we wish to express our heartfelt thanks and appreciation to each and every one of our staff, who remain the cornerstone of the South West family, for their unwavering dedication and commitment to delivering compassionate person-centred care. We are incredibly proud of the achievements of our staff and the amazing efforts they have shown, particularly during the uncertainty experienced in the second half of the year as they juggled both professional and personal responsibilities as employees and members of the communities they serve. They are truly a remarkable, inspiring and caring workforce and, with their energy, we have been able to respond positively to opportunities, challenges and changes that we have faced. To our communities, it is an honour and a privilege to serve and care for you and your loved ones.



Ms Karen Riethmuller Tully
Chair
South West Hospital and Health Board



Ms Samantha Edmonds
Acting Health Service Chief Executive
South West Hospital and Health Service

About us

Established on 1 July 2012, the South West HHS is an independent statutory body overseen by a local Hospital and Health Board pursuant to the *Hospital and Health Boards Act 2011 (Qld).*

The South West HHS performs a key role in the delivery of quality public health services in South West Queensland and works in partnership with our staff, community and key stakeholders to plan and deliver services that are focused on what matters most to the people and communities of the South West.

Strategic direction

Our ultimate purpose is to provide safe, effective and sustainable health services to our diverse communities that people trust and value. Based on extensive consultation with communities and staff and developed in the context of the Government's objectives for the community, the *South West HHS Strategic Plan 2018-2022* guides our ongoing direction and reaffirms our commitments towards our values, priorities and enablers.

The plan ensures we are all working towards common goals with agreed outcomes and helps focus our organisational efforts and resources in appropriate directions.

In accordance with the *Financial and Performance Management Standard 2019* our strategic plan is reviewed annually with a scheduled four-year substantive refresh, including associated community and staff engagement activities, anticipated to commence during 2021.

Vision, Purpose, Values

Originally launched in July 2018 following extensive community and staff engagement, the following vision and organisational values unite us in our shared core beliefs, and commitment to, the bush and the local communities we serve and have become embedded into our everyday behaviour, decision making processes and interactions with peers and colleagues as well as the wider community:

- **Our vision** - To be a national leader in the delivery of health services to rural and remote communities
- **Our purpose** - To provide safe, effective and sustainable rural and remote health services that people trust and value
- **Our values** – Quality, Compassion, Accountability, Engagement, Adaptability

Priorities

Our priority deliverables for 2019-20 were shaped around our key priorities of:

- **Our communities** – always put people first, no preventable harm and proactively close the gap on health inequities
- **Our teams** – design, attract and retain the future workforce, build strong inclusive teamwork and leadership in line with our values and embrace safe and healthy workplaces
- **Our resources** – be sustainable and fiscally responsible, develop fit-for-purpose infrastructure and adopt digital transformation and connectivity
- **Our services** – pursue and strengthen local collaborative partnerships, deliver the right service, in the right place, at the right time, excellence in future planning and good governance.

In line with the strategic initiatives articulated in the *South West HHS Strategic Plan 2018-2022* our efforts continued to be focused on strengthening access to health services and implementing innovative models of care across the region; implementing strategies to close the gap on health outcomes for local Indigenous communities; increasing investment in preventative health; developing and implementing an integrated health system through strategic partnerships with the primary health care sector; partnering to progress healthy communities initiatives; investing in technology and connectedness that supports innovation and personalised care; continuously improving patient safety and quality and maturing our clinical governance to deliver high quality services as close to home as

possible; and empowering our people through a strong culture of continuous learning and supporting staff in professional development opportunities to strengthen our workforce.

The primary focus of the South West HHS Operational Plan 2019-20 was to strengthen the integration of South West HHS's core foundations to ensure the organisation is both culturally and resource ready for next phase implementation of person-centred models of care by further:

- Positioning people and local communities at the centre of health planning, design, delivery and improvement
- Promoting co-design and increased integration between primary, community and acute care providers to support future implementation of telehealth, other technologies and models of care
- Enhancing patient and safety reporting mechanisms
- Increasing cultural capacity and ensure South West HHS facilities are safe and welcoming environments
- Empowering staff through new models of continuous engagement, improvement and connectedness within an agile system
- Embedding our Healthy Communities and Village Connect agendas, for the wider benefit of local staff and communities.

Our revised Strategic Plan further informs our service priorities for 2020-21 during which South West HHS will build on our achievements to date with a key focus on delivering the next phase of person-centred care and healthy aging initiatives; further promoting culturally safe care and Aboriginal and Torres Strait Islander workforce representation; optimising telehealth innovations and cardiac rehabilitation services; enhancing staff engagement and maintaining financial sustainability in addition to further improvements to our operational and strategic landscape.

A further major initiative will also be the operational commencement of the new Roma Hospital with completion planned for late 2020 as part of the Queensland Government's Enhancing Regional Hospitals Program.

Aboriginal and Torres Strait Islander Health

This year, the Aboriginal and Torres Strait Islander Leadership Advisory Council Chair and South West HHS Senior Indigenous Health Coordinator, Rodney Landers Senior, became a valued member of the Executive Leadership Team. Including this position at the highest level of leadership at the South West HHS has assisted the organisation to strengthen relationships and partnerships with local Aboriginal and Torres Strait Islander communities, Aboriginal Community Controlled Health Services and Elders.

"*Aboriginal and Torres Strait Islander leadership is a shared commitment amongst people who have different responsibilities for different matters. I cannot do this role alone and I must rely on my strong relationships with my community and family to ensure that my culture, my history and my people are always at the heart of all my decisions. As I move forward in this role, I continue to walk beside the next generation of upcoming First Nations leaders, to guide and support them through mentorship, sharing of culture and resilience training*" Mr Landers Snr said.

The Aboriginal and Torres Strait Islander Leadership Advisory Council (the Council) has seen a boost in membership, specifically with administration and operational staff this year. The Council continues to focus on growing future Aboriginal and Torres Strait Islander workforce and support the South West HHS to fulfil its responsibilities towards Closing the Gap and ensure Aboriginal and Torres Strait Islander health goals are achieved. The Council continues to play an active role in their communities, getting behind and promoting events.

South West HHS is committed to maximising employment opportunities for First Nations people. Working with the Workforce Strategy Branch, Department of Health, South West HHS has engaged in:

- Aboriginal and Torres Strait Islander Health Workforce Planning, Strategic Engagement and Support Program which aims to enhance Aboriginal and Torres Strait Islander Health Workforce plans.
- Incentivised Pathways for Aboriginal and Torres Strait Islander people, which aims to develop place-based learning, creation and promotion of health industry career pathways and support individuals to obtain qualifications and skills to help them enter the workforce and continue their career journey.

Facilities across the South West have been enhanced to create a welcoming environment that recognises the importance of cultural beliefs and practices of Aboriginal and Torres Strait Islander people. New flag poles were installed at every facility and traditional artwork were painted in various locations. The Mitchell Hospital Auxiliary funded a tank at the front of the hospital to be painted by artist Mr Anthony Turnbull. The theme of the artwork was based around the traditional custodians of the land, the Gunggari people. Traditional artwork was also incorporated into South West HHS facilities at St George. A mural was designed and painted by local First Nations artists along the walkway that connects the hospital to the community and represents the local connections and history with the Balonne River.

South West HHS continues to partner with local organisations to prioritise the health and wellbeing of Aboriginal and Torres Strait Islander people. Working together with Surat General Practice, South West HHS increased the uptake of chronic disease care planning, annual health checks and health promotion by incorporating traditional approaches to the services provided. Additionally, the Far West Alliance, created in September 2019 between the CACH, CWAATSICH and WQPHN aims to strengthen existing partnerships to achieve quality outcomes for people with chronic disease and ensure every person has access to the right care for them in the service that suits their needs best. Lead by Murri CUY (Murri Catch up and Yarn group) and Surat Aboriginal Corporation, South West HHS supported the November 2019 cultural tour for students to participate in a Yarning Circle. It was here that Mr Rodney Landers Senior Mandandanji Custodian spoke to the students about his cultural history and family's story of living on the creek.

South West HHS recognises that the COVID-19 pandemic has affected some areas including the pause of mandatory face-to-face training for the Aboriginal and Torres Strait Islander Cultural Practice Program and has impacted on celebrating culturally significant Aboriginal and Torres Strait Islander events. It was important for the South West HHS to find COVID-safe ways to celebrate and recognise the importance of these culturally significant events. The Aboriginal and Torres Strait Islander Cultural Practice Program recommenced in July 2020.

South West HHS participated in the annual *Tackle Flu before it Tackles You* campaign in April 2020 in partnership with Darling Downs Hospital and Health Service to encourage the local Aboriginal and Torres Strait Islander people to receive their annual influenza vaccination. The vaccination program was provided free to Aboriginal and Torres Strait Islanders aged 15 years and over and this year had a high rate of attendance.

In response to the COVID-19 pandemic, the Aboriginal and Torres Strait Islander Team prepared culturally appropriate resource and support packs intended to keep Aboriginal and Torres Strait Islander peoples safe and also opened up further discussion and communication around COVID-19. These packs were delivered to over 100 families and households in Roma and outlying areas such as Surat, Mitchell, Injune and Wallumbilla. South West HHS also partnered with CACH, CWAATSICH and Goondir Health Services to develop the South West HHS First Nations COVID-19 Preparedness Plan and implement a locally tailored project that will focus on encouraging First Nations communities in COVID-19 testing, prevention and support them in their continuous engagement with their healthcare. This initiative will build on existing COVID-19 activities and will promote increased coordination and flexibility to respond to locally identified needs.

Our community based and hospital-based services

Quality public health services are delivered from four hospitals; Cunnamulla, Charleville, Roma and St George, seven multipurpose health services at Augathella, Dirranbandi, Injune, Mitchell, Mungindi, Quilpie and Surat; two residential aged care facilities, Westhaven in Roma and Waroona in Charleville and four community clinics at Bollon, Morven, Thargomindah and Wallumbilla. The South West HHS also operates nine general practices across its geographic region.

We deliver health services to over 26,000 people who live in our catchment area and rely on the quality care that our 900 plus employees provide. We are responsible for the delivery of medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient clinics, mental health, community and allied health, oral health, critical care, clinical support services, residential aged care and home and community care services in an area spanning over 319,000 square kilometres. Services are delivered in line with our Service Agreement with the Department of Health.

Working with a range of partners to plan and deliver services that are focused on what matters most to the people and communities of the South West, our key approach continues to place importance on providing individualised person-centred care, whether it be in strengthening the acute care system or working within the wider community to promote wellbeing and take steps to prevent ill-health.

Targets and Challenges

The key challenges for the South West HHS are the capacity and capability of the workforce to meet service demands, financial sustainability, outdated infrastructure and ability to deliver contemporary models of care and ICT and ability to keep pace with digital innovations. Low levels of health literacy and the burden of disease across a dispersed population, especially in Aboriginal and Torres Strait Islander peoples and other vulnerable populations groups is also a key challenge along with the withdrawing of services by other providers which escalates the demand on the South West HHS to avoid interruption and cessation of services in the South West.

There a number of risk factors impacting on the health and wellbeing of the South West population including smoking, poor nutrition, harmful consumption of alcohol and drugs, obesity and weight problems, physical inactivity, early discharge against medical advice, emotional and psychological and social well-being factors associated with mental health and potentially preventable hospitalisations.

In 2019-20 South West HHS:

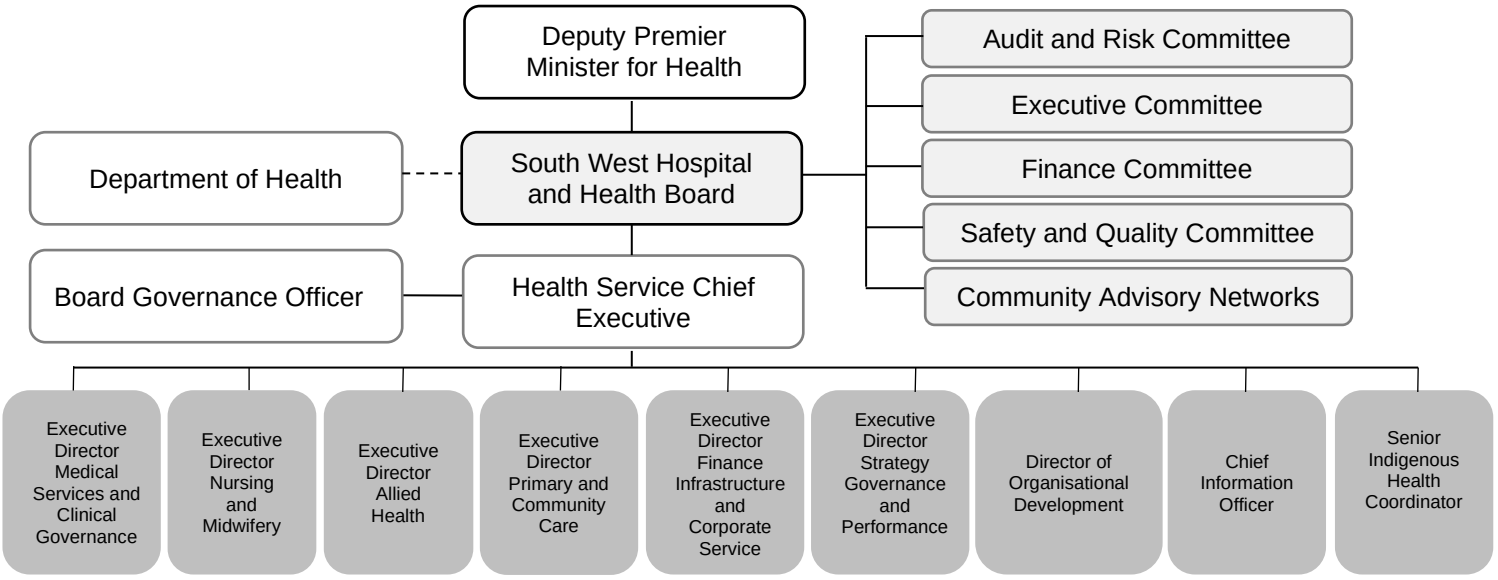
- Maintained a key focus on arresting the poor health determinants and improving the health and wellbeing of the population through the healthier communities' initiatives
- Commenced developing and delivering highly reliable networks of primary, secondary and community care with the person at the centre of all planning
- Implemented fiscal strategies
- Launched a Leadership Landscape Framework for the development of staff and employed qualified, capable and committed staff
- Introduced contemporary models of care for example Telehealth and Healthcare Home Model and co-designed relevant and culturally safe care solutions to join up service delivery through strong partnerships with Aboriginal Medical Services and the WQPHN
- Launched the eHealth Digital Strategy
- Delivered on initiatives towards Closing the Gap through customised engagement with Indigenous Groups and delivering care closer to home.

A formal Service Agreement, currently covering the period from 1 July 2019 to 30 June 2022 is in place between the Department of Health and South West HHS that identifies the health services that South West HHS will provide, funding for those services and targets and performance indicators to ensure outputs and outcomes are achieved.

We are committed to the vision to be a national leader in the delivery of health services to rural and remote communities and, driven through a genuine care for humanity and the communities we serve, we will continue to focus on opportunities to search for effective and lasting solutions, overcome the challenges and respond positively to a constantly changing health environment.

Governance

Organisation Chart



Workforce profile

South West HHS employs currently 801 full-time equivalents (FTE) employees to deliver its services across multiple sites. The permanent separation rate for the year was 7.69 percent. The tables below display the number of employees by employment stream and persons identifying as being Aboriginal and Torres Strait Islander.

*Table 1: More doctors and nurses**

	2015-16	2016-17	2017-18	2018-19	2019-20
Medical staff [a]	21	23	26	28	27
Nursing staff [a]	332	341	362	338	372
Allied Health staff [a]	59	68	74	64	62

*Table 2: Greater diversity in our workforce**

	2015-16	2016-17	2017-18	2018-19	2019-20
Persons identifying as being First Nations [b]	23	27	28	34	36

Note: * Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end. Data presented is to Jun-20.
Source: [a] DSS Employee Analysis, [b] Queensland Health MOHRI, DSS Employee Analysis

The South West Hospital and Health Board (the Board) is the governing body of the South West HHS. A statutory body defined under the *Hospital and Health Boards Act 2011*, the Board, currently comprising seven members as at 30 June 2020, are appointed by the Governor in Council, as recommended by the Deputy Premier, Minister for Health and Minister for Ambulance Services.

The Board is responsible for setting the strategic direction and providing oversight of the South West HHS. This is to ensure strategic objectives are met, quality healthcare services are provided, compliance and performance is monitored, financial performance is achieved, effective systems are maintained and community engagement through meaningful consultation and collaboration is strengthened. The key focus is on patient-centred care and meeting the needs of the community in

line with the Government's objectives for the community, statewide health policies and directives and national standards.

The Board reports to the Deputy Premier, Minister for Health and Minister for Ambulance Services and must perform its functions and exercise its powers in accordance with any direction subject to the provisions of the *Hospital and Health Boards Act 2011*.

Section 19 of the *Hospital and Health Boards Act 2011* sets out the functions the Board must perform to ensure the delivery of hospital and health services is in accordance with the terms of the service agreement with the Department of Health. The Board has control of health service delivery and local decision making to ensure the needs of our communities are better able to be met and that its functions are exercised in the best interests of users of the public health sector service.

The Board also has the responsibility for the appointment of the Health Service Chief Executive (HSCE) and has delegated to the HSCE (including any person in that position on an acting basis) all the powers and functions of the Board which it may lawfully delegate, save those reserved to the Board.

Board membership

Our Board members bring a wealth of experience and knowledge in public, private and not-for-profit sectors, as well as a range of clinical, health and business experience and strong connection with local communities.

This professional, skills-based board contributes to the governance of the South West HHS collectively as a Board through attendance at monthly meetings. Monthly meetings are held at various locations across the South West in line with the two-year rolling plan to hold Board meetings at every facility across South West Queensland.

Board Chair Jim McGowan AM and Members Stewart Gordon and Dr John Scott were outgoing members during the reporting period, with Deputy Chair Karen Tully assuming the role as Chair, and Kerry Crumblin and Dr Mark Waters joining the Board, effective 18 May 2020.

Our Board, effective 30 June 2020 comprised:

Karen Riethmuller Tully

Appointed 18 May 2017. Current term 18 May 2018 to 17 May 2021.
Appointed Chair 18 May 2020

Ms Karen Riethmuller Tully is a self-employed advocacy, facilitation, leadership and governance expert based in Charleville. With substantial directorship experience, and a background in education, Ms Riethmuller Tully is skilful in strategic planning and brings her ability of future thinking to the South West Hospital and Health Board. Ms Riethmuller Tully holds a Bachelor of Education, Master of Education, Graduate Diploma of Financial Markets, Certificate IV in Business (Governance), Certificate IV in Training and Assessment, Queensland Leadership Program Graduate, AICD Company Directors Course and Company Chairman's Course and is a Justice of the Peace.

Jim McGowan, AM – Former Chair

Appointed 18 May 2017. Term 18 May 2017 to 17 May 2020.

Mr Jim McGowan, AM was appointed Chair of the South West Hospital and Health Board on 18 May 2017. Jim has significant high level public administration experience, specialising in the areas of governance, accountability, service delivery improvement and performance management. With strong leadership skills, and a history of achievement Mr McGowan is focused on overseeing the delivery of exceptional health care to the communities of the South West. Mr McGowan holds a Bachelor of Economics, University of Queensland; and a Diploma of Education, University of Queensland.

Claire Alexander

Appointed 26 June 2015. Current term 18 May 2019 to 17 May 2021.

Ms Claire Alexander is a highly experienced, analytical and strategic professional in the specialist field of strategic financial management, in both public and private sectors and currently undertakes consulting work for local government in rural and remote areas. Ms Alexander holds a Bachelor of Business – Accounting, a Masters of Business Administration from the University of New England and a Public Practice Certificate CPA Australia.

Jan Chambers

Appointed 18 May 2019. Current term 18 May 2019 to 31 March 2022.

Mrs Jan Chambers is a former Deputy Mayor for the Maranoa Regional Council, an active member of the Maranoa community and passionate about the delivery of services to rural and remote communities. Ms Chambers has significant skills and expertise in community engagement.

Ray Chandler

Appointed 18 May 2017. Current term 18 May 2020 to 17 May 2022.

Mr Ray Chandler has over 30 years' experience in executive, corporate services, finance, human resource, infrastructure, project and operations management roles in the private and public sectors and is currently employed as the National Mobilisation Manager of Medirest. Mr Chandler holds a Master of Public Sector Management from Griffith University, Bachelor of Business (Acctg) from Queensland University of Technology, CPA Program, CPA Australia, 2006 and is a Graduate of the Australian Institute of Company Directors (GAICD).

Kerry Crumblin

Appointed 18 May 2020. Current term 18 May 2020 to 31 March 2024.

Ms Crumblin is a descendant of the Mardigan Mob from around the Quilpie area and grew up In Cunnamulla and has been involved in Aboriginal and Torres Strait Islander service delivery for many years. Ms Crumblin is currently the Chief Executive Officer of CACH in Cunnamulla and is passionate about Improving overall health outcomes for her community, building the capacity of CACH and partnerships with various organisations and service providers.

Fiona Gaske

Appointed 18 May 2014. Current term 18 May 2018 to 17 May 2021.

Ms Gaske is the former Deputy Mayor of the Balonne Shire Council. Ms Gaske commenced her career in the health field as a Speech Pathologist in 2004 and worked in the St George Primary Health Care Unit from 2008 until 2013. She has also worked as an allied health co-ordinator in a rural setting and as a speech pathologist at the Royal Brisbane and Women's Hospital. Ms Gaske has significant skills and expertise in community engagement.

Stewart Gordon

Appointed 18 May 2017. Term 18 May 2018 to 17 May 2020.

Mr Stewart Gordon is currently employed with the Darling Downs Primary Health Network and has 15 years' experience in senior management and Executive Director roles. Mr Gordon holds a Graduate Diploma in Legal Practice, The College of Laws, Bachelor of Laws, University of Southern Queensland and Bachelor of Business (Marketing and Human Resource Management), University of Southern Queensland.

Dr John Scott

Appointed 18 May 2014. Term 18 May 2018 to 17 May 2020.

Dr John Scott is a Brisbane-based doctor who has worked as a general practitioner, in managerial roles and for a short time as a tertiary educator. Dr Scott holds an MBBS, a Bachelor of Economics, a Master of Applied Epidemiology, and Fellowships of the Royal Australian College of General Practitioners and the Faculty of Public Health Medicine of the Royal Australian College of Physicians.

Dr Mark Waters

Appointed 18 May 2020. Current term 18 May 2020 to 31 March 2024.

Dr Mark Waters is a medical practitioner who has worked in Ipswich, Mt Isa, Ayr and Gympie. He has also held management roles in the metropolitan area and brings a wealth of medical and managerial skills and experience to the South West Hospital and Health Board. Dr Waters is currently the Director of Patient Safety at The Prince Charles Hospital in Brisbane. Dr Waters holds a Bachelor of Medicine, Bachelor of Surgery (MBBS.) University of Queensland Diploma of Royal Australian College of Obstetricians and Gynaecologists (Dip of RACOG.) and fellowships of the Royal Australian College of General Practitioners (FRACGP) and the Royal Australian College of Medical Administrators (FRACMA). He also holds a Master of Health Administration (MHA) University of New South Wales and is a Certified Health Informatician Australasia (CHIA).

Detailed Board Member biographies can be found at: www.southwest.health.qld.gov.au.

Board attendance

The Board meets monthly, except for December, and rotates its meetings around areas of the South West.

During the year, 11 Board meetings were held, with four meetings undertaken virtually during the first half of the 2020 calendar year due to necessary travel restrictions as a result of the COVID-19 pandemic.

The following table summarises the attendance of Board members at Board Meetings and Prescribed Committee meetings:

Board member	Karen Tully	Claire Alexander	Ray Chandler	Jan Chambers	Fiona Gaske	Mark Walters*	Kerry Crumblin*	Jim McGowan#	Stewart Gordon#	John Scott#
Board	**10/11**	**10/11**	**11/11**	**11/11**	**9/9**	**2/2**	**2/2**	**9/9**	**6/9**	**7/9**
Executive	**3/4**				**3/4**	**1/1**		**4/4**		**3/4**
Finance		**4/4**	**4/4**	**4/4**			**1/1**	**3/3**		
Audit and Risk	**4/4**	**4/4**	**4/4**						**2/3**	
Safety and Quality				**4/5**	**5/5**				**5/5**	**4/5**

* Appointed effective 18 May 2020
# Retired from Board effective 17 May 2020

Board remuneration

The Governor-in-Council approves the remuneration arrangements for the Board Chair and Members. The annual fees paid by the South West HHS are consistent with the remuneration procedures for part-time chairs and members of Queensland Government bodies, namely $68,243 for the Chair and $35,055 for the Members. In accordance with this government procedure, annual fees are paid per statutory committee membership ($2,000) or committee chair role ($2,500).

Several board members were reimbursed for out-of-pocket expenses during 2019-20. The total value reimbursed was $13,729.15.

Our committees

Under the *Hospital and Health Boards Act 2011* (Qld) the Board operates four prescribed committees:

- Executive Committee
- Safety and Quality Committee
- Audit and Risk Committee
- Finance Committee.

Each committee supports the Board in its functions with individual Board members contributing to the wider governance of the South West HHS by participating in or chairing the various committees of the

Board. The role of committees is to advise and make recommendations to the Board about matters, within the scope of the Board's functions, referred by the Board to the Committee.

The Board's committee structure contributes to the efficient and effective governance of the South West HHS and assists the Board in discharging its responsibilities through transparency of decision making and management of risk. All committees of the Board operate in accordance with their approved terms of reference. Each committee is required to report to the Board through its minutes and may make recommendations and provide advice to the Board. The Board, at its meetings deliberates and discusses the committee minutes that are introduced by the respective Committee Chairs.

Executive

Chair: Jim McGowan (ended 17 May 2020), Karen Riethmuller Tully (commenced 25 May 2020)
Members: Claire Alexander (commenced 25 May 2020), Fiona Gaske (ended 25 May 2020), Dr John Scott (ended 17 May 2020), Karen Tully (appointed Chair) and Dr Mark Waters (commenced 25 May 2020).

The purpose of the Executive Committee is to support and make recommendations to the Board regarding its governance responsibilities. This is achieved by overseeing the strategic planning, strategic non-clinical matters and engagement strategies of the South West HHS. This committee works with the HSCE to progress the delivery of strategic objectives and by strengthening the relationship between the Board and the HSCE to ensure accountability in the delivery of services.

Throughout the year the Executive Committee assisted the Board by monitoring the performance of South West HHS, having regard to the Strategic Plan objectives, performance measures stated in the Service Agreement, progress and measures in protocols with primary healthcare organisations and engagement strategies.

The Executive Committee met four times during the reporting period.

Safety and Quality

Chair: Fiona Gaske (ended 24 May 2020), Dr Mark Waters (commenced 25 May 2020)
Members: Jan Chambers, Kerry Crumblin (commenced 25 May 2020), Ray Chandler (commenced 25 May 2020), Stewart Gordon (ended 17 May 2020) and Dr John Scott (ended 17 May 2020).

The purpose of the Safety and Quality Committee is to advise the Board on matters pertaining to the appropriateness, quality, effectiveness and safety of health services provided by the South West HHS.

This is achieved by providing oversight; setting the strategic safety and quality direction; monitoring safety and quality governance arrangements; collaborating with other safety and quality committees, the department and quality assurance committees; promoting safety and quality, education, a culture of compliance and the continuous improvement of patient care.

The focus of the Safety and Quality Committee - and indeed the Health Service - is always on minimising preventable harm and ensuring robust systems are in place to reduce unjustifiable variation in clinical care, with the core outcome being an optimal health care experience for the patient, carers and families. During the year the Safety and Quality Committee monitored performance through a quarterly Safety and Quality Report which identified key performance indicators. The committee also assisted the Board to exercise its clinical governance responsibility throughout the year.

South West HHS was accredited for the first time under the National Safety and Quality in Health Service (NSQHS) Standards 2nd edition in February 2020. One of the core requirements to maintain accreditation under the National Safety and Quality in Health Service (NSQHS) Standards 2nd edition is the annual attestation of the governing body of the health service organisation. This attestation is a

quality assurance mechanism, confirming that the governing body has fulfilled its responsibilities in relation to Governance, Leadership and Culture.

The Safety and Quality Committee met five times during the reporting period.

Audit

Chair: Karen Tully
Members: Claire Alexander, Ray Chandler (ended 24 May 2020), Kerry Crumblin (commenced 25 May 2020), Dr Mark Water (25 May 2020) and Stewart Gordon (ended 17 May 2020)

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities and to provide independent assurance to the Board on audit and risk matters.

In accordance with the *Hospital and Health Boards Regulation 2012*, it is responsible for assessing the integrity of the financial statements; monitoring compliance with legal and regulatory requirements; performance of the internal audit function; monitoring compliance with internal control structures and risk management systems; and external accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, *Auditor-General Act 2009*, *Financial Accountability Regulation 2009* and *Financial and Performance Management Standard 2009*.

The Audit and Risk Committee has operated within its terms of reference and has also had due regard to Treasury's Audit Committee Guidelines throughout the year. Throughout the year the Committee monitored audit and compliance obligations and performance and assessed and reviewed strategic risks.

The Audit and Risk Committee met five times during the reporting period.

Finance

Chair: Claire Alexander (ended 24 May 2020) Ray Chandler (commenced 25 May 2020)
Members: Jan Chambers, Kerry Crumblin (commenced 25 May 2020) and Jim McGowan (ended 17 May 2020)

The purpose of the Finance Committee is to advise the Board on matters pertaining to the financial performance of the South West HHS. This is achieved by providing oversight, setting the strategic financial direction, monitoring financial sustainability, financial frameworks, financial compliance improvements, assessing financial risks and making any recommendations to the Board.

Our Finance Committee has a focus on assessing our budgets, ensuring they are consistent with the objectives of the Health Service, monitoring our cashflow, having regard to revenue and expenditure and continually monitoring the adequacy of our financial systems pursuant to the obligations of the *Financial Accountability Act 2009 (Qld)*.

The Finance Committee assisted the Board to exercise its financial governance throughout the year by making recommendations to the Board regarding the financial performance of the organisation, financial commitments, budget principles and financial policy. It actively identifies and monitors financial risks or concerns that may impact on the financial performance and reporting obligations of our Health Service.

The Finance Committee met four times during the reporting period.

Executive leadership team

Our Executive Leadership Team is responsible for governance excellence, ensuring effective and appropriate systems and processes are in place to maximise the organisational performance of the South West HHS. The HSCE is responsible for the day-to-day management of the Health Service and for operationalising the Board's strategic objectives.

The Executive Leadership Team as at 30 June 2020 comprised:

Health Service Chief Executive
- Ms Linda Patat

Senior Indigenous Health Coordinator
- Mr Rodney Landers Snr

Executive Director Finance Infrastructure and Corporate Services
- Ms Samantha Edmonds

Acting Executive Director Medical Services and Clinical Governance
- Dr Ross Duncan

Acting Executive Director Nursing and Midwifery Services
- Mr Matthew Boyd

Acting Executive Director Primary and Community Care
- Ms Rebecca Greenway

Acting Executive Director Allied Health
- Ms Helen Wassman

Chief Information Officer
- Ms Helen Murray

As at 30 June 2020, the positions of Director Organisational Development and Executive Director Strategy, Performance and Governance were not filled and overseen by the Health Service Chief Executive.

Detailed Executive Leadership Team biographies can be found at: www.southwest.health.qld.gov.au.

Our risk management

Risk management is integral to effective strategic planning and decision making for South West HHS to achieve its vision of being a national leader in the delivery of safe and effective health services to rural and remote communities.

The Board is strongly averse to the SWHHS being non-compliant with legislation or other regulatory frameworks, including professional registration obligations and understands the inherent risks associated with the delivery of rural health services when striving to achieve such a goal.

To achieve this, the Board is committed to ensuring that South West HHS:
- consistently strives for improvement in its risk management maturity and seeks to adopt best practice management of risk
- takes a consistent approach to managing risks across the HHS
- clearly defines roles and responsibilities
- provides all employees with the necessary training to allow them to undertake their risk management responsibilities
- holds management accountable for risk mitigation
- assigns necessary resources to support the risk management function
- promotes and encourages communication with our stakeholder community in relation to the identification and management of risks
- maintains honesty with ourselves and with others in relation to risk exposures and challenges faced with delivery of our service.

South West HHS uses *AS/NZS ISO 31000:2018 Risk Management Principles and Guidelines* to guide and influence its approach to the management of risk. The SWHHS *Risk Management*

Framework comprises various components including a Risk Management Policy and associated Risk Procedures, delivery of risk management training and presentations, and through the day-to-day organisational efforts, risk management continues to improve and be embedded as a central pillar of organisational culture.

The Risk Management Framework has strong foundations, including governance structures and a policy and procedural framework, including a risk appetite statement. For a second successive year an annual self-assessment was undertaken to determine progress over the past 12 months. The maturity assessment highlighted improvement opportunities to support staff in operating the risk framework, as well as the need to consider risks on a portfolio HHS wide basis and to be able to respond more dynamically to emerging risks. The assessment informed an improvement plan to further embed effective risk management into the day to day operations of the HHS. Over the coming year, our team will work to build on the existing foundations and further mature the risk management framework.

Risk management activities and significant changes are regularly monitored and reported to the Board through the Audit and Risk Committee and, at an Executive level, through the Executive Business Resilience Committee and supporting Integrated Risk, Assurance and Compliance Committee.

The *Hospital and Health Boards Act 2011 (Qld*) 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 2019-20 period, no directions were given by the Minister to the South West HHS.

Internal audit

South West HHS has an established Internal Audit function in accordance with section 29 of the *Financial and Performance Management Standard 2019*. The organisation's Internal Audit unit works with an engaged accounting firm with specialist internal audit experience. The Internal Audit function provides the Board Audit and Risk Committee and the Board with independent and objective assurance on the adequacy and effectiveness of systems of risk management, internal control and governance in key risk areas by:

- determining compliance with established policies, procedures and statutory requirements
- ensuring that assets are accounted for and safeguarded from loss
- identifying opportunities to improve business processes and recommending improvements to existing systems
- conducting investigations and special reviews requested by management or the Audit and Risk Committee.

The Internal Audit function is independent of management and operates under a charter approved by the South West Hospital and Health Board. There were five main areas of focus examined during 2019-20:

- A review of Strategic Asset Management, initiated during the 2018-19 Financial Year and completed in August 2019, was undertaken to assess governance and reporting of strategic asset information across the HHS. The review also assessed the processes and controls in place to manage fixed assets, including the identification, recording and maintenance.

- A review of the South West HHS Delegations Framework was also completed in August 2019, which assessed the design and operating effectiveness of South West HHS's delegations of authority framework and key controls, specifically for finance, procurement, contracts and human resources. To support with continual improvement, the review also assessed current practices in place and provided a comparison of the existing delegations framework to better practice principles and industry trends.

- A review of Occupational Violence Prevention assessed the governance framework in place for Occupational Violence Prevention including the design and operating effectiveness of key

controls in place to identify, record, manage and monitor occupational violence across the organisation.

- A Pharmacy Review assessed the adequacy and effectiveness of the processes and key controls in place for medication management, pharmacy inventory and write-off processes and Pharmaceutical Benefits Scheme claiming and reporting across the Roma Hospital, Charleville Hospital and Westhaven Aged Care Facility.

- An ICT Strategy and Framework review undertook a high-level assessment of South West HHS's eHealth Strategy and ICT Governance Framework against Queensland Government Chief Information Office guidelines and best practice.

Ongoing internal focus and concentration on requirements through industry scanning and internal oversight through the Integrated Risk and Recommendations Assurance Committee, Executive Business Resilience Committee and the Board Audit and Risk Committee also ensures that South West HHS maintains a robust and best practice internal audit function.

External scrutiny, information systems and recordkeeping

External Scrutiny

The South West HHS's operations are subject to regular scrutiny from external oversight bodies, which may also include the provision of statewide best practice recommendations and observations to further improve service provision. These include, but are not limited to:

- Australian Council on Healthcare Standards (ACHS)
- Australian Health Practitioner Regulation Authority
- Consumer feedback
- Coronial investigations
- Crime and Corruption Commission (Queensland)
- Division of Workplace Health and Safety
- Medical Colleges
- National Association of Testing Authorities Australia
- Office of the Health Ombudsman
- Patient feedback
- Population Health
- Public Service Commission
- Queensland Audit Office
- Queensland Ombudsman
- Queensland Prevocational Medical Accreditation.

An internal Integrated Recommendations Register is maintained by South West HHS to register, action and report recommendations resulting from high risk and high impact recommendation sources, which also includes Internal Audit Recommendations, Clinical Incident Recommendations and Work Health and Safety Audits.

There were no significant findings against the South West HHS from State agencies in the reporting period.

Information systems and recordkeeping

Right to Information

Our Health Service values the right of people to access their personal information, as well as to access information about our operations that will give them a better understanding of the decisions we make. Information is available on our public website on how to make an application for information or to check if it is already publicly available.

The *Right to Information Act 2009* is a mechanism by which the public may apply for administrative, financial, personnel documents not normally available to them. Whilst medical records are the property of the HHS, information can also be accessed under the provisions of the *Information Privacy Act 2009 (Qld)*.

Privacy

Maintaining personal information has, and will continue to be, of the utmost importance with all staff bound by a strict legal duty of confidentiality. We are committed to protecting the privacy of our clients and staff, which includes meeting the challenge of cybersecurity and personal data protection in a digital world.

We adhere to the National Privacy Principles contained in the *Information Privacy Act 2009* (IP Act) when managing personal information. At South West HHS we are moving beyond merely complying with the IP Act and instead embedding good privacy practices into our culture.

Records Management

The South West HHS creates, receives and keeps clinical and business records to support legal, community and stakeholder requirements. Business and clinical records exist in physical and digital formats.

Clinical records

Systems are in place to ensure paper records are appropriately stored, secured from unauthorised access and protected from environmental threats. In addition, Health Information Services have procedures and work instructions in place that ensure compliance with the Health Sector (Clinical Records) Retention and Disposal Schedule, QDAN 683 Version 1.

My Health Record

The My Health Record is a secure online summary of an individual's health information - available to all Australians and is a key Australian Government initiative. The My Health Record gives:

- healthcare providers access to information about their patients including: allergies, medical conditions, medications, advance care documents, and test or scan results.
- patients control over what information is in their My Health Record including the ability to permanently delete their My Health Record at any time.

The system allows individuals to manage their own health record online and gives their general practitioner or other healthcare provider access to a summary of their important health information. Because the system is national, if the patient moves interstate or between public and private providers, their critical health information is still available wherever they go.

Supported by an internal policy and associated procedures to promote system participation, South West HHS will seek to further optimise the use of My Health Records during 2020-21 to fully utilise benefits of the system across the patient journey between primary care, hospital and community care, including self-managed access by patients.

Queensland Public Service Ethics

South West HHS continues to uphold the principles of the *Public Sector Ethics Act 1994* - namely; integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency – in all that we do.

All staff are required to undertake training in the Code of Conduct for the Queensland Public Service during their orientation and are required to re-familiarise themselves with the Code of Conduct on an annual basis.

In addition to our Vision, Purpose and Values, South West HHS fully embraces Queensland's public service values and the ambition to be a high performing, impartial and productive workforce that puts its people first, makes decisions based on values, leaders demonstrating the values as role models for employees and prioritising quality, inclusion, diversity, creativity, and collaboration every day.

Human Rights

The South West HHS, executive Leadership Team and our Board fully respect, protect and promote human rights in our decision-making and actions.

During the reporting period, a review of all South West HHS policies and procedures was successfully undertaken to ensure compliance with the *Human Rights Act 2019* (Qld) which formally commenced on 1 January 2020. Our commitment to Human Rights was also articulated in the review of the *South West HHS Strategic Plan 2018 – 2022* and engagement strategies. The inclusion of human rights within our key strategic documents demonstrates our commitment to protecting and promoting human rights and building a culture of that respects and promotes human rights. Staff awareness and education was implemented to enable staff to ensure human rights are understood and cultural change is created.

During COVID-19 the South West HHS played an essential role in the government's efforts to protect and support the South West communities. From a human rights perspective South West HHS took action and made decisions compatibly with human rights to protect our consumers in aged care facilities and ensuring consumers had access to services through telehealth and virtual models and information technology.

In accordance with the provisions of section 97 of the *Human Rights Act 2019* South West HHS for the period 1 January 2020 to 30 June 2020 there were no human rights complaints recorded. Some enquiries were made by families wishing to visit loved ones who were terminally ill and in hospital during the COVID-19 response and actions were taken to accommodate the needs of families and respect their human rights and dignity.

South West HHS also actively ensures all patients are aware of their healthcare rights wherever they access care. First launched in 2008, and revised in August 2019, *The Australian Charter for Healthcare Rights* applies to all people in all places where health care is provided across Australia.

These Rights also underpin eight National Safety and Quality Health Service Standards, which provide a nationally consistent statement of the level of care consumers can expect from health service organisations.

Confidential Information

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

Performance

Significant progress occurred in 2019-20 towards implementing the *South West HHS Strategic Plan 2018–2022.* The strategy has a four-year outlook setting out how the South West HHS will achieve its objectives with key opportunities identified.

Some of the key achievements and results for the year included:

- Significant progress with the construction of the new $112.6 million Roma Hospital redevelopment.
- Healthy communities' initiatives to promote eating well, being active and to encourage and support healthy lifestyle behaviours, for example, targeting reductions in adult smoking, alcohol at risk levels, and being overweight and obese.
- Alliances with key stakeholders continued to be strengthened to implement an integrated health system to improve health outcomes for South West communities.
- A health collaborative was formed between the South West HHS, CWAATSICH, CACH and the WQPHN to combat diabetes, one of the top priorities in the far west region and main reasons for hospitalisations.
- A contemporary framework to build capacity and capability of general practice was adopted in partnership with the WQPHN.

- A Health Care Home Model was introduced as an integrated service delivery model that identifies general practice as the gateway to the wider health system through access to community based multidisciplinary team, early intervention services and referral to hospital / secondary services as required.
- Continuation of the partnership to provide integrated primary care centre services in Cunnamulla between South West HHS and CACH.
- The Leadership Landscape, a new framework for leadership and development of the whole workforce was launched. This included the launch of the initiative *#myPathway* a new approach to workforce development and replaces the previously utilised Capability Development and Learning Agreement.
- Strategies implemented to meet the personalised safety and quality priorities of our Aboriginal and Torres Strait Islander people, including demonstrating a welcoming and safe environment that recognises the importance of cultural beliefs and practices in our facilities, and establishing local community engagement and partnerships groups with Aboriginal and Torres Strait Island community members, Elders and service providers to better deliver culturally appropriate services and services that are identified as priority needs by Aboriginal and Torres Strait Islander peoples.
- Customised engagement to reach communities with specific health needs to deliver on key initiatives such as Closing the Gap and deliver care closer to home.
- Increased emphasis on chronic disease and the primary and community care agenda.
- Introduction of an Exercise Physiologist service.
- Introduction of Health Pathways, in conjunction with Western Queensland Primary Health Network.
- Introduction of Chief Experience Officer function within the Executive Leadership Team portfolio and Senior Indigenous Health Co-ordinator position appointed as part of the Executive Leadership Team.
- 50 South West leaders completed the statewide *Lead4Qld* program, providing key leadership development tools.
- Introduction of the *LifeWorks* wellbeing app, providing practical fitness and wellbeing tools for staff and families, actively promoted during COVID-19 pandemic.
- Development of a new Health Information Management portal for staff to improve clinical service analytics and transition South West HHS towards a more data driven and evidenced based organisation.
- Introduction of Telehealth Ophthalmology Model of Care.
- eHealth Strategy 2019 – 2023 approved which outlines opportunities and challenges and includes a maturity model which ensures the South West HHS matures as its digital journey progresses.
- Successful survey audit conducted for accreditation against the second edition of the National Safety and Quality Health Service Standards.
- Discharge Against Medical Advice (DAMA) rate for First Nations patients was 3.83 percent compared to 4.40 percent at 30 June 2019. The DAMA rate across all South West patients was 1.61 percent at 30 June 2020, compared to 1.71 percent at 30 June 2019. Further measures will be implemented during the 2020-21 financial year to ensure First Nations people, and their families, continue to feel supported within our facilities.
- Potentially Preventable Hospitalisations (PPH) rate was 12.25 percent at 30 June 2020, an increase from 10.3 percent at 30 June 2019. The PPH are those which may have potentially been prevented by timely primary and community health care interventions. The specific PPH rate within First Nations People was 20.56 percent, and 10.74 percent within non-Indigenous people. A number of measures will be implemented during the 2020-21 financial year to further support community based interventions that integrate primary and community led models of care, supporting people to better manage existing chronic conditions and further promote earlier invention, lifestyle modification and risk prevention across the South West community.
- Data is not available at 30 June 2020 for the percentage reduction in adults daily smoking, alcohol at risk levels, overweight and obesity.
- Data is not available at 30 June 2020 for the percentage increase in cancer screening rates.

There were some additional labour costs to support models of care and changed practices to manage COVID-19 safe services as a result of reduced levels of annual leave taken during the period.

Service Standards

The key performance indicators table below provides a summary of our performance against major key performance indicators described in the South West HHS's service agreement with the Department of Health

During the year the majority of patients were seen within clinically recommended times upon arrival to the Emergency Department. In line with the decision at a National level and application of the requirements at the statewide level non-urgent elective surgery was paused and as a result of the suspension performance was impacted. Following a direction that elective surgery could be recommenced South West HHS was able to resume early due to low volume and it is expected results for the measure will return to meet targets in the coming year. The resumption of elective surgery was dependent on safe levels of PPE being held

Table 3: Service Standards – Performance 2019-20

Service Standards	Target	Actual
Effectiveness measures		
Percentage of patients attending emergency departments seen within recommended timeframes: [a]		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	99.7%
Category 3 (within 30 minutes)	75%	99.0%
Category 4 (within 60 minutes)	70%	97.2%
Category 5 (within 120 minutes)	70%	99.2%
Percentage of emergency department attendances who depart within four hours of their arrival in the department [a]	>80%	95.0%
Percentage of elective surgery patients treated within clinically recommended times: [b]		
Category 1 (30 days)	>98%	98.0% [1]
Category 2 (90 days)	>95%	97.5%
Category 3 (365 days)	>95%	99.7%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days [c]	N/A	0.0 [2]
Median wait time for treatment in emergency departments (minutes) [a]	..	2
Median wait time for elective surgery (days) [b]	..	59
Other Measures		
Number of elective surgery patients treated within clinically recommended times: [b]		
Category 1 (30 days)	200	150 [1]
Category 2 (90 days)	253	154
Category 3 (365 days)	802	584
Number of Telehealth outpatient occasions of service events [d]	3,287	3,553
Total weighted activity units (WAU's) [e]		
Acute Inpatient	5,797	5,297 [3]
Outpatients	1,427	1,747
Sub-acute	1,033	994
Emergency Department	3,292	3,022
Mental Health	183	200
Prevention and Primary Care	-	751
Ambulatory mental health service contact duration (hours) [f]	>5,410	4,559
Staffing [g]	816	801

[1] Non urgent elective surgery were temporarily suspended as part of COVID-19 preparation. Seen in time performance and service volumes were impacted as a result.
[2] The Epidemiology and Research Unit in the Communicable Diseases Branch are unable to provide full year SAB data as resources are redirected to the COVID-19 response. SAB data presented as Mar-20 FYTD and is preliminary.
[3] Delivery of activity and weighted activity units was impacted by two significant factors in 2019-20; the introduction of a revised Australian Coding Standard "0002 Additional diagnoses" from 1 July 2019, resulted in lower weighted activity units being calculated for admitted patients relative to the same casemix of 2018-19 year and COVID-19 preparation and the temporary suspension of non urgent planned care services reduced the volume of patient activity. Activity data presented is preliminary. Data presented is full year as at 17 August 2020.
Source: [a] Emergency Data Collection, [b] Elective Surgery Data Collection, [c] Communicable Diseases Unit, [d] Monthly Activity Collection, [e] GenWAU, [f] Mental Health Branch, [g] DSS Employee Analysis. **Note:** Targets presented are full year targets as published in 2019-20 Service Delivery Statements.

Strategic workforce planning and performance

Workforce is a key focus for the strategic development and planning of the Health Service. We are focussed and committed to attracting, recruiting and retaining extemporary individuals who are passionate about health in the South West. The *South West HHS People Strategy 2018-2022* outlines a strategy that prioritises active leadership, future workforce, partnerships, innovation and personal growth. As a Health service, we are continuing to strengthen partnerships with universities and vocational and education training providers, as well as SQRH, to support a sustainable supply of quality graduates to meet the workforce demands of the South West. We are also ensuring that we are identifying instances where workforce capability would be supported by HHS partnership arrangements and specialist advice and targeting of these partnerships to support our people.

We continue to focus on workforce planning to reduce workforce shortages in critical occupations over time. Our recruitment and onboarding processes have been refreshed and refined to support effective, contemporary and efficient recruitment and retention of new members to the workforce. This has included a revised Welcome Pack, implementation of 30 and 90 day interviews and a refreshed exit survey suite, all designed to connect and engage with our staff doing their journey in the South West. We have continued to support and develop ways to invest in the learning and development of our staff to ensure they are future oriented and drive contemporary capability requirements.

Employee performance management framework

At South West HHS, we know that it takes a village to nurture and grow healthy, connected communities. To meet our communities needs into the future, we need to continually improve how we connect with our communities, work together, use our resources and provide services. Essential is training and developing our employees to be part of this nurturing and growth and providing quality healthcare outcomes.

South West HHS have adopted the *Leadership Landscape* in our approach to leadership. #myPathway is underpinned by new – transparent Leadership Standards. Our framework is based on the core philosophy that everyone is a leader in the South West – whether that be leader of self, leader of others, leader of leaders, executive or chief executive. We all have aligned standards of behaviour that everyone can see, and expect from us, at any time. The framework explains how leadership is demonstrated at every layer of our workforce.

Employee flexible working arrangements, wellbeing and a healthy work-life blend

The Health Service encourages the use of flexible work arrangements by allowing staff to work remotely, work from home and to travel in and out of the Health Service. We value the ability to offer flexible working arrangements as a means to attract and retain staff who wish to work in the South West. We created and implemented the Work Offsite Procedure and the Working from Home Checklist to facilitate and encourage working from home and flexible working arrangements.

The Health Service has implemented new ways of working, particularly in response to COVID-19. We have amplified our telehealth services and implemented working from home arrangements in order to ensure the safety of our staff and the continuation of service delivery across the South West. Steps were also taken to identify all vulnerable members of our workforce and to work with them to ensure their needs were met and working options implemented for their safety.

As well as promoting our healthy communities initiatives to the broad community, healthy initiatives are also promoted to our workforce with regular communication issued by newsletters, messages and staff meetings to encourage healthier lifestyle behaviours eg, 320 Target campaign to quit smoking, physical exercise and particularly during the COVID-19 pandemic various apps to promote financial physical, mental and emotional wellbeing.

The South West HHS regularly promotes its Employee Assistance Provider LifeWorks and ensures staff are aware of the many programs, support services and 24/7 facilities available to them through LifeWorks including free workouts, mental and physical health tips and access to resources, videos, activities and one on one consultations.

Leadership and management development framework

During the year the Workforce Development Unit was rebranded as the Learning and Development Unit. A strategy is being developed to identify and grow our top 50 leaders throughout the Health Service – designed to invest in and nurture our future leaders – and will be designed to transform our staff by developing skills and capabilities of our emerging leaders. We are also developing reinvestment strategies that will bring together staff who have attended training, with the intention that they collaborate and develop ways to share and imbed their learnings throughout the whole of the HHS.

Managers and supervisors undertook the next phase of the LEAD4QLD Program which had commenced in the prior year. Targeted senior leadership training has been underway to develop the skills of our senior leaders to provide exceptional and inclusive leadership based on the South West HHS values and to work within a model where care is integrated to deliver the optimum health outcome for the consumer.

Equipment is being purchased to conduct learning modules via virtual reality which will revolutionise how we deliver training across the Health Service. Immersive training places employees into on-demand, experiential training environments from the safety of their mobile device or immersive headsets. Scalable, repetitive practice combined with an increased sense of presence maximises learning effectiveness. Unique data-driven insights then provide objective data on employee performance which would usually be subjectively assessed or missed during real world training opportunities.

Industrial and employee relations framework

The South West HHS Consultative Forum comprising South West HHS representation and union representation meets on a bi-monthly basis. Our union engagement is always very positive and collaborative. We ensure we are consistently aligned with Industrial frameworks through local and department level initiatives.

Employee Engagement

At a South West HHS level operational planning and other reporting processes continue to incorporate employee engagement and other relevant staff inputs. The Health Service has implemented a variety of strategies and mechanisms to keep the staff of the health service connected to one another and the strategic strategies of the organisation, including: #eNews, #CE Connect, #swSpirit, The Pulse, #swBusiness, #swTalks, Leader Rounding, ‘Ask Executive’, HSCE Coffee Connect, Executive Meeting Summaries, Village Connect, Executive Connect ‘Perspective Briefs’, Clinical Council, Aboriginal and Torres Strait Islander Leadership Advisory Council, Working for Queensland Staff survey, Virtual Town Halls and staff representation on key committees and consultative forums.

Early retirement, redundancy and retrenchment

No redundancy, early retirement and/or retrenchment packages paid to employees during the reporting period.

Financial summary

The South West HHS achieved a surplus of $0.997 million for the year ending 30 June 2020. As a statutory body for the eighth year, this is the seventh year that an operating surplus has been achieved, while still delivering on agreed major services and meeting and improving key safety and quality performance indicators.

Whilst there is a National Partnership Agreement to support healthcare COVID-19 costs not all costs including loss of revenue are eligible for compensation.

The HHS combines an effective accountability framework with medium to long term financial modelling to ensure our service continues to deliver the appropriate level of services to our community, backed by effective and efficient systems and processes. The HHS implemented a new business, finance and logistics solution SAP S/4 HANA on 1 August 2019 which has provided increased functionality, particularly in workflow and integration.

Our consistent financial performance reflects a commitment to delivering sustainable health services to our community. The operating surpluses from prior years are reinvested in capital and other projects which enhance our service capability enabling responses to increased prevalence of chronic disease conditions, ageing population, increasing costs from technology improvements and investment to deliver efficiency improvements.

Revenue and expenditure

South West HHS's income is primarily sourced from public health services funding (including State and Commonwealth contributions), and own source revenue and grants and other contributions.

South West HHS's total income was $159.878 million, which is an increase of $3.015 million (1.92 per cent) from 2018–2019:

- block funding, depreciation funding and general-purpose funding for public health services was 87.61 per cent or $140.069 million
- Australian Government grants and other grants funding was 5.47 per cent or $8.752 million for health services
- own source revenue was 6.56 per cent or $10.493 million
- other revenue was 0.35 per cent or $0.564 million.

Total expenses were $158.881 million. Total expenditure increased by $3.394 million (2.14 per cent) from last financial year. Major areas of expenditure are shown in the following table; compared to last financial year this depicts a major increase in Employee expenses which has been driven by a rise in patient demand for patient services and increased internal staff to meet aged care ratios and additional payments under Enterprise Bargaining (EB) arrangements. Proportions of current year expenditure are shown in the graph below.

Employee Expenses	**2020**	**2019**	**Variance**	**Variance**
	$'000	**$'000**	**$'000**	**%**
Employee expenses	12,729	11,576	1,153	9.96%
Health service employee expenses	88,026	83,213	4,813	5.78%
Supplies and services	46,725	49,551	-2,826	-5.70%
Depreciation and amortisation	7,701	8,174	-473	-5.795
Other expenses	3,700	2,973	727	24.45%
Total	**158,881**	**155,487**	**3,394**	**2.18%**

Assets and liabilities

South West HHS's asset base amounts to $173.934 million. 87.02 per cent or $151.349 million of this is invested in property, plant and equipment. $21.532 million is held in cash, receivables and inventory.

Assets and Liabilities	**2020**	**2019**	**Variance**	**Variance**
	$'000	**$'000**	**$'000**	**%**
Land	4,120	4,120	-	0.00%
Buildings	136,973	138,732	-1,759	-1.27%
Plant and Equipment	7,980	8,606	-626	-7.27%
Capital WIP	2,276	2,378	-102	-4.29%
Total	**151,349**	**153,836**	**-2,487**	**-1.62%**

South West HHS's current liabilities are $13.046 million. With a cash balance of $21.532 million, South West HHS can meet its short-term financial commitments.

Anticipated Maintenance

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

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

As of 3 June 2020, the South West HHS had reported anticipated maintenance of $3.7 million.

The South West HHS has the following strategies in place to mitigate any risks associated with these items:

- seek assistance from Priority Capital Program
- utilise Minor Capital Works funding
- seek assistance from Emergent Works program if required
- increase operational maintenance budgets

Future financial outlook

South West HHS will continue its strategy for investment in clinical service delivery, focusing on the financial sustainability of services.

Chief Financial Officer statement

For the financial year ended 30 June 2020 the Chief Finance Officer provided a statement about the HHS to the Board and Chief Executive on the HHS's financial internal controls, compliance with prescribed requirements for establishing and keeping the financial accounts and preparation of the financial statements to present a true and fair view.

Financial Statements

South West Hospital and Health Service

Financial Statements – 30 June 2020

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South West Hospital and Health Service
For the year ending 30 June 2020

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General Information

These financial statements cover the South West Hospital and Health Service (South West HHS).

The South West Hospital Health Service was established on 1 July 2012 as a statutory body under the *Hospital and Health Boards Act 2011*.

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

The head office and principal place of business of South West HHS is:

44-46 Bungil Street
Roma QLD 4455

For information in relation to the Hospital and Health Service's financial statements please visit the website www.health.qld.gov.au/southwest/ .

South West Hospital and Health Service
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 $'000	Original Budget 2020 $'000	2019 $'000	Ref*	Actual vs Budget variance $'000
Revenue						
User charges	2	**10,493**	9,661	10,558		832
Public health services funding	3	**140,069**	136,824	137,196		3,245
Grants and other contributions	4	**8,752**	6,904	8,664	a	1,848
Other revenue	5	**564**	310	445		254
Total revenue		**159,878**	153,699	156,863		6,179
Expenses						
Employee expenses	6	**12,729**	11,150	11,576	b	1,579
Health service employee expenses	7	**88,026**	81,011	83,213	c	7,015
Supplies and services	9	**46,725**	51,108	49,551	d	(4,383)
Depreciation and amortisation		**7,701**	9,785	8,174	e	(2,084)
Other expenses	10	**3,700**	645	2,973	f	3,055
Total expenses		**158,881**	153,699	155,487		5,182
Operating result		**997**	-	1,376		997
Other comprehensive income						
Items that will not be reclassified subsequently to operating result						
Increase/(decrease) in asset revaluation surplus	17	**1,083**	-	3,734	g	1,083
Other comprehensive income for the year		**1,083**	-	3,734		1,083
Total comprehensive income for the year		**2,080**	-	5,110		2,080

The accompanying notes form part of these statements.

South West Hospital and Health Service
Statement of Financial Position
As at 30 June 2020

	Note	2020 $'000	Original Budget 2020 $'000	2019 $'000	Ref*	Actual vs Budget variance $'000
Assets						
Current assets						
Cash and cash equivalents	11	**17,562**	12,576	16,406	h	4,986
Receivables	12	**2,507**	2,916	2,397		(409)
Inventories		**1,463**	968	986		495
Total current assets		**21,532**	16,460	19,789		5,072
Non-current assets						
Property, plant and equipment	13	**151,349**	241,539	153,836	i	(90,190)
Right-of-use assets	16	**1,053**	-	-		1,053
Total non-current assets		**152,402**	241,539	153,836		(89,137)
Total assets		**173,934**	257,999	173,625		(84,065)
Liabilities						
Current liabilities						
Payables	14	**12,377**	11,898	11,394		479
Lease liabilities	16	**269**	-	-		269
Other liabilities	15	**400**	-	-		400
Total current liabilities		**13,046**	11,898	11,394		1,148
Non-current liabilities						
Lease liabilities	16	**755**	-	-		755
Total non-current liabilities		**755**	-	-		755
Total liabilities		**13,801**	11,898	11,394	j	1,903
Net assets		**160,133**	246,101	162,231		(85,968)
Equity						
Contributed equity		**71,082**	164,223	75,243	k	(93,141)
Asset revaluation surplus	17	**71,601**	66,785	70,519		4,816
Retained surplus		**17,450**	15,093	16,469		2,357
Total equity		**160,133**	246,101	162,231		(85,968)

The accompanying notes form part of these statements.

South West Hospital and Health Service
Statement of Changes in Equity
For the year ended 30 June 2020

	Contributed equity $'000	Asset revaluation surplus $'000	Retained surplus $'000	Total equity $'000
Balance at 1 July 2018	78,744	66,785	15,093	160,622
Operating result for the year	-	-	1,376	1,376
Other comprehensive income for the year	-	3,734	-	3,734
Total comprehensive income for the year	-	3,734	1,376	5,110
Transactions with owners in their capacity as owners:				
Net assets received (transferred via non-appropriated equity transfers)	(3)	-	-	(3)
Equity injections (Minor Capital Works)	4,676	-	-	4,676
Equity withdrawals (Depreciation funding)	(8,174)	-	-	(8,174)
Balance at 30 June 2019	75,243	70,519	16,469	162,231
Net effect of Prior Year adjustments	16	(1)	(16)	(1)

	Contributed equity $'000	Asset revaluation surplus $'000	Retained surplus $'000	Total equity $'000
Balance at 1 July 2019	75,259	70,518	16,453	162,230
Operating result for the year	-	-	997	997
	-			
Other comprehensive income for the year		1,083	-	1,083
Equity Contribution	403			403
Total comprehensive income for the year	**403**	**1,083**	**997**	**2,483**
Transactions with owners in their capacity as owners:				
Net assets received (transferred via non-appropriated equity transfers)				-
Equity injections (Minor Capital Works)	3,068	-	-	3,068
Equity withdrawals (Depreciation funding)	(7,648)			(7,648)
Balance at 30 June 2020	**71,082**	**71,601**	**17,450**	**160,133**

The accompanying notes form part of these statements.

South West Hospital and Health Service
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $'000	Original Budget 2020 $'000	2019 $'000	Ref*	Actual vs Budget $'000
Cash flows from operating activities						
Inflows						
User charges		**9,512**	9,597	9,455		(85)
Public health services funding		**132,051**	136,824	129,122		(4,773)
Grants and other contributions		**7,097**	6,904	7,102		193
GST input tax credits from ATO		**3,145**	4,695	3,687		(1,550)
GST collected from customers		**106**	-	127		106
Other receipts		**1,744**	310	1,489	l	1,434
Outflows						
Employee expenses		**(12,666)**	(11,150)	(11,525)	m	(1,516)
Health service employee expenses		**(87,699)**	(81,011)	(83,050)	n	(6,688)
Supplies and services		**(46,665)**	(50,857)	(49,104)	o	4,192
GST paid to suppliers		**(3,158)**	(4,698)	(3,424)		1,540
GST remitted to ATO		**(135)**	-	(123)		(135)
Other payments		**(2,604)**	(335)	(1,776)		(2,269)
Net cash from/(used by) operating activities	18	**728**	10,279	1,980		(9,551)
Cash flows from investing activities						
Inflows						
Proceeds from sale of property, plant and equipment		**13**	-	25		13
Outflows						
Payments for property, plant and equipment		**(3,677)**	(2,158)	(6,068)		(1,519)
Net cash from/(used by) investing activities		**(3,664)**	(2,158)	(6,043)		(1,506)
Cash flows from financing activities						
Inflows						
Equity injections		**3,068**	1,408	4,676	p	1,660
Outflows						
Equity withdrawals		**-**	(9,785)	-	q	9,785
Lease payments		**1,024**	-	-		1,024
Net cash from/(used by) financing activities		**4,092**	(8,377)	4,676		**12,469**
Net increase/(decrease) in cash held		**1,156**	(256)	613		1,412
Cash and cash equivalents at the beginning of the financial year		**16,406**	12,832	15,793		3,574
Cash and cash equivalents at the end of the financial year		**17,562**	12,576	16,406		4,986

The accompanying notes form part of these statements.

South West Hospital and Health Service
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Basis for preparation and other accounting policies

Basis of Financial Statement preparation

Statement of compliance

The South West Hospital and Health Service has prepared these financial statements in compliance with section 62 (1) of the *Financial Accountability Act 2009* and section 38 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements, prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ended 30 June 2020, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, as the South West Hospital and Health Service is a not-for-profit statutory body it has applied those requirements applicable to not-for-profit entities.

The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of South West Hospital and Health Service (South West HHS). South West HHS does not control any other entities (see Note 24 – Associates).

Issuance of Financial Statements

The financial statements are authorised for issue by the Chair of the South West Hospital and Health Board, the Chief Executive and the Executive Director Finance, Infrastructure and Corporate Services of South West HHS.

Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Comparative information has been reclassified where required for consistency with the current year's presentation.

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 South West HHS 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.

Basis of 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 the lower of cost and net realisable value, and
- Lease liabilities are recognised at present value of the lease payments during the lease term

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 two approaches in South West HHS:

- 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; or
- 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.

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

Note 1. Basis for preparation and other accounting policies (continued)

Net Realisable Value

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

Other accounting policies

Administrative arrangements

Transfer of assets on practical completion

In 2014-15, the Minister for Health signed an enduring designation of transfer for property, plant and equipment between Hospital and Health Services and the Department of Health. This transfer is recognised through equity when both entities agree in writing to the transfer. During the 2019-20 financial year the financial impact of assets transfers was not significant. (Refer Note 14).

	2020 $'000	2019 $'000
Transfer in - practical completion of projects from the Department of Health*	-	-
Net transfer of property, plant and equipment to/from the Department of Health	-	(3)
	-	(3)

* Construction of major health infrastructure continues to be managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department of Health to South West HHS. This note relates to transfers to/from Department of Health only – transfers to departments other than Department of Health are not included.

Inventories

Inventories consist mainly of medical supplies held for distribution in hospitals and are provided to public admitted patients free of charge except for pharmaceuticals which are provided at a subsidised rate. Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average cost, adjusted where applicable, for any loss of service potential.

Taxation

South West HHS 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 Queensland Department of Health and the sixteen Hospital and Health Services as a single taxation entity for reporting purposes.

Departmental Objectives

The objective of the South West Hospital and Health Service (HHS) is the delivery of quality public health services in South West Queensland. South West HHS works in partnership with staff, local communities and key stakeholders to plan and deliver services that matter most to the people and communities.
For further details please refer to South West Hospital and Health website - https://www.southwest.health.qld.gov.au/about-us/

First year application of new accounting standards or changes in policy

Changes in accounting policy

South West HHS did not voluntarily change any of its accounting policies during 2019-20.

Accounting standards early adopted

There have been no Australian Accounting Standards early adopted for 2019-20.

Accounting standards applied for the first time in 2019-20

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

- *AASB 15 Revenue from Contracts with Customers*

- *AASB 1058 Income of Not-for-Profit Entities*

- *AASB 16 Leases*

The effect of adopting these new standards are detailed below. No other accounting standards or interpretations that apply to the South West HHS for the first time in 2019-20 have any material impact on the financial statements.

Note 1. Basis for preparation and other accounting policies (continued)

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The South West HHS applied *AASB 15 Revenue from Contracts with Customers* for the first time in 2019-20. There were no transitional adjustments made on 1 July 2019 relating to the adoption of *AASB 15*.

New revenue recognition model
AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model is detailed below.

Revenue Assessment Model – AASB 15
Step 1 – Identify the contract with the customer
Step 2 – Identify the performance obligations in the contract
Step 3 – Determine the transaction price
Step 4 – Allocate the transaction price to the performance obligations
Step 5 – Recognise revenue when or as the department satisfies performance obligations

AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES

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

Scope and revenue recognition under AASB 1058
AASB 1058 applies to transactions where the South West HHS acquires an asset for significantly less than fair value principally to enable the South West HHS to further its objective, and to the receipt of volunteer services.

The South West HHS revenue line items recognised under this standard from 1 July 2019 include Public health services funding, Grants and other contribution and User charges.

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

AASB 1058 optionally permits the recognition of a broader range of volunteer services, however the South West HHS has elected not to do so.

Revenue recognition for the South West HHS's Public health services funding, Grants and other contribution and User charges does not change under *AASB 1058*, as compared to *AASB 1004*. Revenue will continue to be recognised when the South West HHS gains control of the asset (e.g. cash or receivable) in most instances.

There were no transitional adjustments made on 1 July 2019 relating to the adoption of AASB 1058.

IMPACT OF ADOPTION OF AASB 15 AND AASB 1058 IN THE CURRENT PERIOD

The impacts of adopting *AASB 15* and *AASB 1058* on the South West HHS's 2019-20 financial statements is immaterial. Please refer to Note 4 – Grants and Other Contributions for further details.

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

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

Definition of a lease

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

Amendments to former operating leases for office accommodation and employee housing
In 2018-19, South West HHS held operating leases under *AASB 117* from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program.

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

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

Changes to lessee accounting

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

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

Lease liabilities
Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the South West HHS 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 South West HHS under residual value guarantees
- the exercise price of a purchase option that South West HHS is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the interest rate implicit in the lease, or South West HHS's incremental borrowing rate if the implicit rate cannot be readily determined.

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

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

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

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

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

Note 1. Basis for preparation and other accounting policies (continued)

Short-term leases and leases of low value assets
South West HHS has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on Statement of Financial Position. This accounting treatment is similar to that used for operating leases under *AASB 117*.

Changes to lessor accounting

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

Transitional impact

Former operating leases as lessee

- The majority of South West HHSs former operating leases, other than the exempt QGAO and GEH arrangements, are now recognised on-Statement of Financial Position as right-of-use assets and lease liabilities.
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the South West HHS's incremental borrowing rate at 1 July 2019.
- South West HHS's weighted average incremental borrowing rate on 1 July 2019 was 1.59%.
- The right-of-use assets were measured at either an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- New right-of-use assets were tested for impairment on transition and none were found to be impaired.

On transition, the South West HHS used practical expedients to:
- not recognise right-of-use assets and lease liabilities for leases of low value assets;
- exclude initial direct costs from the measurement of right-of-use assets; and
- use hindsight when determining the lease term.

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

	$'000
Right-of-use assets – Buildings	**810**
Lease liabilities	**(810)**

South West HHS did not hold any finance leases as lessee or as lessor at transition date.

Future impact of accounting standards not yet effective

AASB 1059 Service Concession Arrangements: Grantors

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

The South West HHS does not currently have any arrangements that would fall within the scope of *AASB 1059*.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the South West HHS's activities or have no material impact on the South West HHS.

Climate Risk Disclosure

South West HHS has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

Note 1. Basis for preparation and other accounting policies (continued)

Current Year Impacts

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Other Matters

On 1 August 2019, South West HHS implemented a new state-wide enterprise resource program (ERP) S/4 Hana which replaced the 20-year-old FAMMIS ERP. Reconciliations were completed to ensure accurate transition of data from the old system to the new system.

Note 2. User charges

	2020 $'000	2019 $'000
Sale of goods and services	**2,435**	2,672
Pharmaceutical Benefit Scheme	**298**	648
Hospital fees	**7,760**	7,238
	10,493	10,558

Significant accounting policies

Revenue in this category primarily consists of hospital fees, reimbursements of pharmaceutical benefits, charges for private patients and private practice fees which are recognised based on either invoicing for related services or goods provided and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

The adoption of *AASB 15 Revenue from Contracts with Customers* in 2019-20 did not change the timing of revenue recognition for user charges. Revenue is recognised on provision of the services to the customer.

Note 3. Public health services funding

	2020 $'000	2019 $'000
Block funding	**92,536**	73,492
Depreciation funding	**7,648**	8,174
General purpose funding	**39,885**	55,530
	140,069	137,196

Significant accounting policies

Public health services funding

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 South West HHS. Cash funding from the Department is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue on receipt. The majority of services are block funded.

The service agreement between the Department of Health and South West HHS dictates that the funding provided by the Department for depreciation charges incurred by the HHS are a non-cash revenue. This is achieved through a withdrawal of funds from equity, refer Statement of Changes in Equity.

South West HHS does not have any public health services funding revenue that is within the scope for deferral under *AASB 15 Revenue from Contracts with Customers*

Note 4. Grants and other contributions

	2020 $'000	2019 $'000
Australian Government - Nursing home grants	**4,638**	4,592
Australian Government - Home and community care grants	**1,349**	1,334
Australian Government - Specific purpose	**430**	475
Donations	**72**	22
Other grants	**671**	699
Services received at below fair value	**1,592**	1,542
	8,752	**8,664**

Significant accounting policies

Grants, contributions and donations received are non-reciprocal transactions where South West HHS does not directly give approximately equal value to the grantor.

Other grants include one contract which falls within *AASB 15 Revenue from Contracts with Customers*, in relation to an agreement with Western Queensland PHN ($21,000) which has been deferred in to 2020-21. South West HHS does not have any other Grants and other contributions revenue that is within the scope for deferral under *AASB 15 Revenue from Contracts with Customers*.

Contributed assets are recognised at their fair value. Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

South West HHS receives corporate services support from the Department of Health for no cost. Corporate services received include payroll services, accounts payable services, finance transactional services, taxation services, supply services and information technology services.

Note 5. Other revenue

	2020 $'000	2019 $'000
Recoveries	**428**	296
Other	**136**	149
	564	**445**

Note 6. Employee expenses

	2020 $'000	2019 $'000
Employee benefits		
Wages and salaries	**10,934**	9,786
Annual leave levy	**643**	602
Employer superannuation contributions	**682**	646
Long service leave levy	**257**	206
Employee related expenses		
Redundancies	**-**	1
Workers compensation premium	**5**	4
Other employee related expenses	**208**	331
	12,729	**11,576**

	2020 Staff No.	2019 Staff No.
Number of employees	**28.6**	26.1

The number of employees includes full-time employees and part-time employees measured on a full-time equivalent basis as at 30 June 2020.

Significant accounting policies

Employees include health executives directly engaged in the service of the South West HHS in accordance with section 70 of the *Hospital and Health Boards Act 2011* (HHBA). The basis of employment for health executives is in accordance with section 74 of the *HHBA*. In addition, South West HHS directly engages senior medical officers who enter into individual contracts with South West.

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

Workers Compensation

Workers' compensation insurance is a consequence of employing staff but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised and included as part of Health Service Employee Expenses (Note 7) and not separated between Health Service and Board employees.

Employee Benefits and On-Costs

Annual leave and long service leave

Under the Queensland Government's Central Schemes for Annual Leave (ALCS) and Long Service Leave (LSL), levies are paid throughout the year by South West HHS to cover the cost of an employee's annual leave and long service leave entitlements (including leave loading and on-costs).

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.

Sick leave

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

Note 6. Employee expenses (continued)

Superannuation

Employer superannuation contributions are paid to the superannuation fund of the eligible employee's choice. For the defined benefits scheme, contributions are paid at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable and the South West HHS obligation is limited to its contribution to the eligible employee's superannuation fund. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector.*

Note 7. Health service employee expenses

	2020 $'000	2019 $'000
Department of Health	**88,026**	83,213
	88,026	83,213

The Hospital and Health Service through service arrangements with the Department of Health has engaged 754 (2019: 746) full time equivalent persons at 30 June 2020. As well as direct payments to the Department, premium payments made to WorkCover Queensland representing compensation obligations of 2020: $0.562 million (2019: $0.623 million) and other employee expenses (including training) of $0.552 million (2019: $0.875 million) are included in this category.

Wages and salaries includes $453,012.59 of $1,250 one-off, pro-rata payments for 362 full-time equivalent employees.

Significant accounting policies

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

- The Department provides employees to perform work for the South West HHS and acknowledges and accepts its obligations as the employer of these employees.

- South West HHS is responsible for the day to day management of these departmental employees.

- South West HHS reimburses the Department for the salaries and on-costs of these employees. This is disclosed as Health service employee expense.

Note 8. Key management personnel disclosures

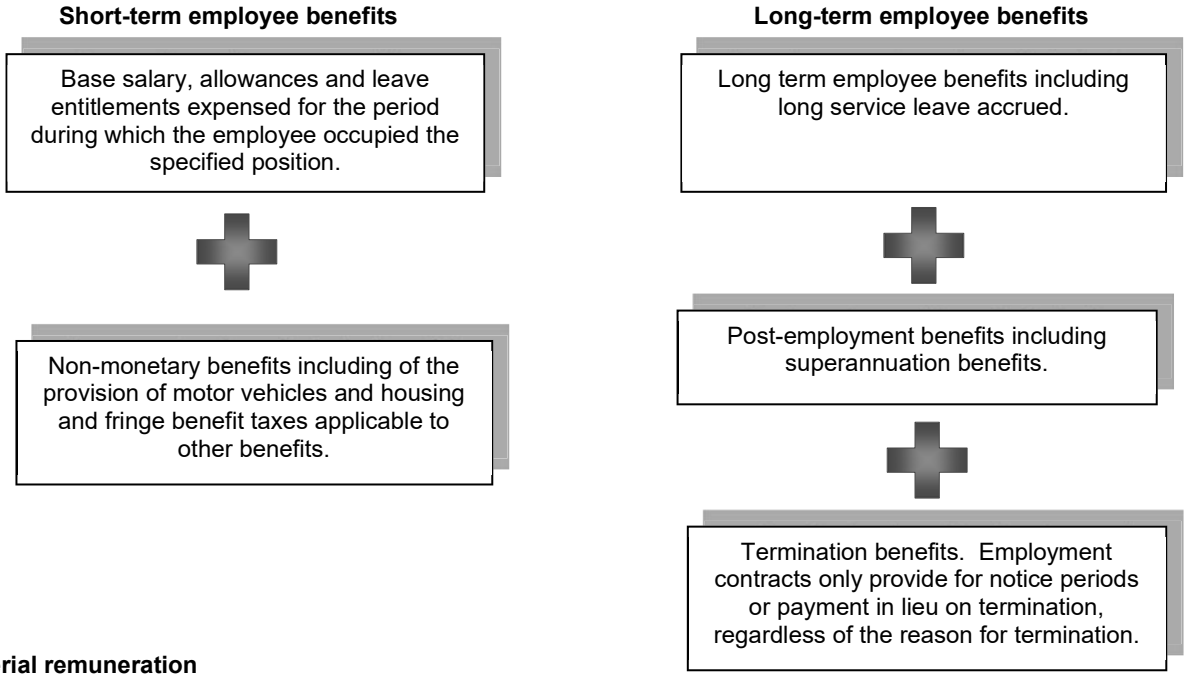
Key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of the HHS during the year. This includes South West HHS's responsible Minister (Minister of Health and Minister for Ambulance Services).

South West HHS has determined that individuals acting in these positions on a temporary or relieving basis are only considered to be KMP where they acted in the role for greater than four weeks during the year.

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

Remuneration policy for the South West HHS key executive management personnel is set by direct engagement common law employment contracts. The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts. The contracts provide for other benefits including motor vehicles and expense payments such as rental or loan repayments. South West HHS does not have any key executive management personnel employed under an arrangement which includes the potential for performance payments.

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



Ministerial remuneration

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's *Members' Remuneration Handbook*. South West HHS does not bear any cost of remuneration of the Minister. 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*.

Note 8. Key management personnel disclosures (continued)

South West HHS key management personnel

Health Service Chief Executive (HSCE)

Responsible for the overall leadership and management of the South West HHS to ensure that South West HHS meets its strategic and operational objectives. The HSCE is accountable to the Board for making and implementing decisions about the Hospital and Health Service business within the strategic framework set by the Board.

Executive Director, Finance, Infrastructure and Corporate Services (EDFICS)

Responsible for management and oversight of the South West HHS finance framework including financial accounting processes, financial risk management, budget and revenue systems, activity measurement and reporting, performance management frameworks and financial corporate governance systems. The EDFICS is also accountable for the promotion of the long-term viability of the Hospital and Health Service and is responsible for infrastructure program planning and delivery.

Executive Director, Medical Services and Clinical Governance (EDMSCG)

Strategic and professional responsibility for South West HHS medical workforce, and clinical governance. The EDMSCG leads the development and implementation of Hospital and Health Service wide strategies that will ensure the medical workforce is aligned with identified service delivery needs, and an appropriately qualified, competent and credentialed workforce is maintained.

Executive Director, Nursing & Midwifery Services (EDNMS)

Responsible for strategic and professional leadership of the nursing work force. The EDNMS leads the development and implementation of Hospital and Health Service wide strategies that will ensure the nursing and midwifery workforce is aligned with identified service delivery needs. The EDNMS ensures an appropriately qualified and competent nursing and midwifery workforce is maintained, leading to the achievement of clinical excellence through education, professional development and research.

Director Organisational Development (DOD) (formally Director People & Culture (DPAC))

Responsible for provision of leadership and oversight of human resources, recruitment, occupational health and safety and learning and development functions of the Hospital and Health Service, in addition to the leading of whole of organisational culture and development initiatives.

Executive Director, Primary and Community Care (EDPCC) (formerly Executive Director, Community and Allied Health (EDCAH))

Provides single point accountability and leadership for the portfolio of Primary and Community Care within the Hospital and Health Service. The position provides high level leadership, strategic direction and advocacy in the professional management of primary and community care services across the Hospital and Health Service, including contribution to state-wide initiatives.

Executive Director, Strategy, Performance and Governance (EDSPG)

The Executive Director Strategy, Performance and Governance provides overall leadership and direction for the functions of Strategic Projects, Program Management, Business Intelligence, Reporting and Analytics, Integrated Governance, Risk and Compliance Management, Corporate Performance Management, Internal Audit, Legal Liaison, and Internal and External Communications and Strategic Engagement. The EDSPG is a key member of the Executive Leadership Team (ELT). The role is responsible for the provision of leadership, strategic focus, authoritative and expert advice across a wide range of professional and policy issues to the HSCE, members of the Executive Team, the SWHHS Board, and other relevant stakeholders.

Allied Health Professional Lead (AHPL)

The Allied Health Professional Lead role provides the strategic direction of Allied Health services to facilitate the operational, organisational and cultural change associated with the implementation of innovative approaches to service delivery, data collection and integration and workforce management through development and implementation of the Allied Health Workforce Ten Year Strategy to deliver high level culturally safe services within a model of comprehensive Rural and Remote Health Care. The role is responsible for contributing to the strategic Allied Health service development, governance and credentialing advice.

Senior Indigenous Health Coordinator (SIHC)

The Senior Indigenous Health Coordinator role provides overall leadership and strategic direction on the health pathways aimed at improving the health and well-being of Aboriginal and Torres Strait Islander peoples. Also, to ensure policies, services and programs focus on improving health, social and emotional wellbeing, and resilience, and promote positive health behaviours emphasising the centrality of culture in the health of Aboriginal and Torres Strait Islander people.

Note 8. Key management personnel disclosure (continued)

Position title Position holder/s	Term	Short-term benefits ($'000s)		Other Employee Benefits($'000s)			Total
		Monetary expenses	Non-monetary expenses	Long term expenses	Post-employment expenses	Termination benefits	
Health Service Chief Executive (HSCE)							
Linda Patat ^	From 30 Oct 2017	312	8	7	27	0	**354**
Samantha Edmonds	26 December 2019 to 27 January 2020	36	0	1	2	0	**39**
Executive Director Finance, Infrastructure & Corporate Services (EDFICS)							
Samantha Edmonds	From 7 Jan 2019	170	25	4	17	0	**216**
Kenneth Bissett	27 December 2019 to 27 January 2020	15	0	0	2	0	**17**
Executive Director Medical Services (EDMSCG)							
Dr Tim Smart	17 September 2018 to 13 December 2019	253	11	6	17	0	**287**
Dr Ross Duncan	From 21 December 2019	264	2	2	8	0	**276**
Executive Director Nursing & Midwifery (EDNMS)							
Chris Small	From 20 January 2020	61	0	3	13	0	**77**
Jeff Potter	27 May 2019 to 19 January 2020 30 March 2020 to 7 June 2020	165	10	3	14	0	**192**
Matthew Boyd	From 8 June 2020	22	0	0	2	0	**24**
Director People & Culture (DPAC)							
Peter Barker	22 January 2019 to 21 September 2019	36	11	1	3	0	**51**
Director Organisational Development (DOD) (formally Director People & Culture)							
Amie Mish-Wills	27 January 2020 to 28 June 2020	67	2	1	6	0	**77**
Executive Director, Primary and Community Care (formerly Community and Allied Health (EDCAH)							
Wendy Jensen	22 Oct 2018 to 30 September 2019	42	0	1	3	0	**46**
Julie McNeill	5 August 2019 to 18 December 2019	62	4	1	7	0	**74**
Sharon Sweeney	28 January 2020 to 5 June 2020	62	2	1	6	0	**71**
Rebecca Greenway	19 December 2019 to 31 January 2020 From 18 May 2020	45	0	1	4	0	**49**

^Linda Patat has resigned as HSCE effective as of 31 July 2020

Note 8. Key management personnel disclosures (continued)

2020

		Short-term benefits ($'000s)		Other Employee Benefits ($'000s)			
Position title Position holder/s	**Term**	**Monetary expenses**	**Non-monetary expenses**	**Long term expenses**	**Post-employment expenses**	**Termination benefits**	**Total**
Executive Director, Strategy Performance & Governance (EDSPG)							
Chris Small	5 August 2019 to 19 January 2020	93	0	1	3	0	**97**
Karen Waite	9 December 2019 to 28 February 2020	45	0	1	4	0	**49**
Allied Health Professional Lead (AHPL)							
Helen Wassman	From 9 December 2019	95	9	2	10	0	**116**
Senior Indigenous Health Coordinator (SIHC)							
Rodney Landers	From 4 October 2019	108	0	2	13	0	**123**

Note 8. Key management personnel disclosures (continued)

2019

		Short-term benefits ($'000)		Other employee benefits ($'000)			
Position title		**Monetary expenses**	**Non-monetary expenses**	**Long term expenses**	**Post-employment expenses**	**Termination benefits**	**Total ($'000)**
Position holder/s	Dates held						
Health Service Chief Executive (HSCE)							
Linda Patat	From 30-Oct-2017	317	10	6	28	-	**361**
Chief Operations Officer (COO)							
Wendy Jensen	From 1-Aug-2016 to 21-Oct-2018	61	4	1	6	-	**72**
Executive Director Finance, Infrastructure & Corporate Services (EDFICS)							
Samantha Edmonds	From 7-Jan-2019	101	5	2	9	-	**117**
Rod Margetts	28-Mar-2018 to 16-Jan-2019	230	-	-	-	-	**230**
Executive Director Medical Services & Clinical Governance (EDMSCG)							
Dr Tim Smart	From 17-Sep-2018	432	14	9	29	-	**484**
Executive Director Nursing & Midwifery (EDONM)							
Chris Small	From Aug-2009 to 11-Nov-2018	75	7	1	7	-	**90**
David Tibby	12-Nov-2018 to 16-Jun-2019	110	5	2	13	-	**130**
Jeff Potter	From 27-May-2019	26	-	-	2	-	**28**
Director People & Culture (DPAC)							
Robert Mander	22-Mar-2017 to 10-Feb-2019	84	16	2	10	-	**112**
Peter Barker	From 22-Jan-2019	67	-	1	8	-	**76**
Executive Director, Primary and Community Care (EDPCC) (formerly Community and Allied Health (EDCAH))							
Wendy Jensen	From 22-Oct-2018	113	9	2	11	-	**135**
Executive Director, Strategy, Performance & Governance (EDSPG)							
Cameron Castles	13-Aug-2018 to 21-Apr-2019	145	-	2	12	-	**159**
Chris Small	From 7-Apr-2019	31	-	1	3	-	**35**

Note 8. Key management personnel disclosures (continued)

Board Remuneration

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

In accordance with the *Hospital and Health Boards Act 2011*, the Governor in Council appoints Board members, on the recommendation of the Minister, for a period not exceeding 4 years. Board members are paid an annual salary based on their position as well as fees for membership on sub-committees. Remuneration is calculated in accordance with the guidance statement issued by the Department of Premier and Cabinet, titled "*Remuneration procedures for part-time chairs and member of Queensland Government bodies*". Under the procedure, Hospital and Health Services are assessed as 'Governance' entities and grouped into different levels of a remuneration matrix based on a range of indicators including revenue/budget, net and total assets, independence, risk and complexity.

Composition of the Board and remuneration paid to Board members was as follows:

2020			Short-term benefits			
Appointee	Role	Term	Monetary expenses* ($'000)	Non-monetary expenses ($'000)	Post-employment expenses ($'000)	Total ($'000)
Mr Jim McGowan AM	Chairperson	18 May 2017 – 17 May 2020	71		6	**77**
Ms Karen Tully	Deputy Chair	18 May 2017 - 17 May 2021 (Chair from 18th May 2020)	47		4	**51**
Ms Claire Alexander	Board member	26 June 2015 - 17 May 2021	41		4	**45**
Dr John Scott	Board member	18 May 2014 - 17 May 2020	38		3	**41**
Ms Fiona Gaske^	Board member	18 May 2014 - 17 May 2021	38		3	**41**
Mr Ray Chandler	Board member	18 May 2017 - 31 March 2022	41		4	**45**
Mr Stewart Gordon	Board member	18 May 2017 - 17 May 2020	39		3	**42**
Ms Jan Chambers	Board member	18 May 2019 – 31 March 2022	42		4	**46**
Dr Mark Waters	Board member	18 May 2020 - 17 May 2024	3		1	**4**
Kerry Crumblin	Board member	18 May 2020 - 17 May 2024	3		1	**4**

^Fiona Gaske is on leave until 1st November 2020

* Monetary expenses include travel reimbursement.

2019			Short-term benefits			
Appointee	Role	Term	Monetary expenses* ($'000)	Non-monetary expenses ($'000)	Post-employment expenses ($'000)	Total ($'000)
Mr Jim McGowan AM	Chairperson	18 May 2017 – 31 March 2022	78	-	7	**85**
Ms Karen Tully	Deputy Chair	18 May 2017 - 17 May 2021	45	-	4	**49**
Ms Heather Hall	Board member	27 July 2012 – 17 May 2019	34	-	3	**37**
Ms Claire Alexander	Board member	26 June 2015 - 17 May 2021	42	9	4	**55**
Dr John Scott	Board member	18 May 2014 - 17 May 2020	39	-	4	**43**
Ms Fiona Gaske	Board member	18 May 2014 - 17 May 2021	42	-	4	**46**
Mr Ray Chandler	Board member	18 May 2017 - 17 May 2020	42	9	4	**55**
Mr Stewart Gordon	Board member	18 May 2017 - 17 May 2020	43	9	4	**56**
Ms Jan Chambers	Board member	18 May 2019 – 31 March 2022	5	-	-	**5**

* Monetary expenses include travel reimbursement.

Note 9. Supplies and services

	2020 $'000	2019 $'000
Building services	**1,093**	929
Catering and domestic supplies	**1,315**	1,584
Clinical supplies and services	**6,632**	5,507
Communications	**1,934**	2,045
Computer services	**2,330**	1,192
Consultants and contractors	**11,705**	13,802
Electricity and other energy	**2,438**	2,423
Minor works including plant and equipment	**339**	403
Motor vehicles	**179**	210
Rental expenses	**1,412**	1,915
Lease expenses	**-**	-
Other travel	**2,549**	2,728
Pharmaceutical supplies	**923**	1,276
Pathology, blood and parts	**2,045**	1,796
Patient transport	**3,459**	4,184
Patient travel	**2,578**	2,764
Repairs and maintenance	**2,302**	4,004
Other	**3,492**	2,789
	46,725	**49,551**

Note 10. Other expenses

	2020 $'000	2019 $'000
Advertising	**116**	71
Audit fees	**346**	318
Funding Expenses HHS	**376**	-
Insurance - QGIF	**784**	708
Insurance - Other	**57**	30
Interest ROU Asset	**19**	-
Inventory written off	**96**	54
Losses from the disposal of non-current assets	**26**	60
Legal costs	**12**	34
Other	**275**	150
Services received free of charge	**1,592**	1,542
Special payments - ex-gratia payments	**1**	6
	3,700	2,973

Significant accounting policies

The Department of Health insures property and general losses above a $10,000 threshold through the Queensland Government Insurance Fund (QGIF). Medical indemnity (formerly known as health litigation) payments above a $20,000 threshold and associated legal fees are also insured through QGIF. For the 2019-20 year, the premium was allocated to each HHS according to the underlying risk of an individual insured party. South West HHS is required to pay the excess of $10,000 or $20,000 per event for property and general losses or medical indemnity claims respectively.

Special payments represent ex-gratia payments that South West HHS is not contractually or legally obliged to make to other parties.

South West HHS maintains a register setting out the details of all special payments greater than $5,000. In 2019-20, ex-gratia payments of $1,069 (2019: $5,951) were made, consisting of one reportable payment which related to patient medical claims.

Total external audit fees payable to the Queensland Audit Office relating to the 2019-20 financial year were $175,000 (2019: $150,000) including out of pocket expenses. There are no non-audit services included in this amount.

South West HHS outsources its Internal Audit function to an external agency. Internal audit fees for 2019-20 were $171,123 (2019: $167,939).

Note 11. Cash and cash equivalents

	2020 $'000	2019 $'000
Imprest accounts	**6**	7
Cash at bank	**14,905**	14,241
QTC cash funds*	**2,651**	2,158
	17,562	**16,406**

*Refer Note 22 Restricted assets.

South West HHS operating bank accounts are grouped as part of a Whole-of-Government (WoG) banking arrangement, and do not earn interest on surplus funds nor is it charged interest or fees for accessing its approved cash debit facility. Any interest earned on the WoG arrangement accrues to the Consolidated Fund.

General trust bank accounts and term deposits, included in Queensland Treasury Corporation (QTC) cash funds above, do not form part of the WoG banking arrangement and incur fees as well as interest. Cash deposited with QTC earns interest, calculated on a daily basis reflecting market movements in cash funds as determined by QTC. Rates achieved throughout the year range between 0.86% to 2.16% (2019: 2.20% to 3.20%).

Debit facility

South West HHS has access to a $2 million debit facility approved by Queensland Treasury which was fully undrawn at 30 June 2020 (2019: $1 million).

Significant accounting policies

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 as well as deposits at call with financial institutions and cash debit facility.

Note 12. Receivables

	2020 $'000	2019 $'000
Trade debtors	**1,009**	1,260
Payroll receivables	**11**	-
Less: Loss allowance	**(151)**	(89)
	869	**1,171**
GST receivables	**267**	235
GST payable	**(7)**	(17)
	260	**218**
Public health services funding	**1,189**	819
Other	**189**	189
	2,507	**2,397**

Significant accounting policies

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amount due at the time of sale or service delivery i.e. the agreed purchase/contract price. The recoverability of trade debtors is reviewed on an ongoing basis at an operating unit level. Trade receivables are generally settled within 90 days (refer Note 19). No interest is charged, and no security is obtained.

Movement in the allowance for impairment	2020 $'000	2019 $'000
Opening balance	**89**	152
Amounts written off during the year	**(50)**	(77)
Amounts recovered during the year		
Increase/(Decrease) in allowance recognised in operating result	**112**	14
Closing balance	**151**	**89**

Note 13. Property, plant and equipment

Balances and reconciliations of carrying amount 2020	Land (Level 2) $'000	Land (Level 3) $'000	Buildings (Level 2) $'000	Buildings (Level 3) $'000	Plant and equipment (at cost) $'000	Capital works in progress (at cost) $'000	Total $'000
Gross value	145	3,975	478	233,210	19,248	2,276	259,332
Less: Accumulated depreciation	-	-	(46)	(96,669)	(11,268)	-	(107,983)
Carrying amount at 30 June 2020	**145**	**3,975**	**432**	**136,541**	**7,980**	**2,276**	**151,349**
Represented by movements in carrying amount:							
Carrying amount at 1 July 2019	145	3,975	441	138,291	8,606	2,378	153,836
Reclassification between Level 2 & Level 3	-	-	-	-	-	-	-
Acquisitions major infrastructure transfers							-
Acquisitions	-	-	-	-	910	2,827	3,737
Disposals	-	-	-	-	(26)	-	(26)
Revaluation increments/(decrements)	-	-	13	1,070	-	-	1,083
Transfers in	-	-	-	-	37	-	37
Transfers out - Machinery of Government (MoG)	-	-	-	-	-	-	-
Transfers between classes	-	-	-	2,939	(11)	(2,929)	(1)
Depreciation expense	-	-	(22)	(5,759)	(1,536)	-	(7,317)
Carrying amount at 30 June 2020	**145**	**3,975**	**432**	**136,541**	**7,980**	**2,276**	**151,349**

2019	Land (Level 2) $'000	Land (Level 3) $'000	Buildings (Level 2) $'000	Buildings (Level 3) $'000	Plant and equipment (at cost) $'000	Capital works in progress (at cost) $'000	Total $'000
Gross value	145	3,975	455	222,987	19,208	2,378	249,148
Less: Accumulated depreciation	-	-	(14)	(84,696)	(10,602)	-	(95,312)
Carrying amount at 30 June 2019	**145**	**3,975**	**441**	**138,291**	**8,606**	**2,378**	**153,836**
Represented by movements in carrying amount:							
Carrying amount at 1 July 2018	145	3,985	455	134,320	9,121	4,160	152,186
Reclassification between Level 2 & Level 3	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	810	5,278	6,088
Disposals	-	-	-	-	(61)	-	(61)
Revaluation increments/(decrements)	-	-	10	3,724	-	-	3,734
Transfers in from Department of Health	-	(10)	-	(15)	88	-	63
Transfers out - Machinery of Government (MoG)	-	-	-	-	-	-	-
Transfers between classes	-	-	-	6,893	167	(7,060)	-
Depreciation expense	-	-	(24)	(6,631)	(1,519)	-	(8,174)
Carrying amount at 30 June 2019	**145**	**3,975**	**441**	**138,291**	**8,606**	**2,378**	**153,836**

Note 13. Property, plant and equipment (continued)

Significant accounting policies

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.

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

Items below these values are expensed. Land improvements undertaken by South West HHS are included in the building class. South West HHS has an annual maintenance program for its buildings. Expenditure is only added to an asset's carrying amount if it increases 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.

Acquisition of assets

Historical cost is used for the initial recording of all non-current physical asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred. Items or components that form an integral part of an asset are recognised as a single (functional) asset.

Purchases of clinical equipment, furniture and fittings associated with capital works projects are managed by South West HHS. These outlays are funded by the State through the Department of Health as cash equity injections throughout the year. In 2019-20 the value of these injections was $3.068 million (2019: $4.676 million). Refer to Statement of Changes in Equity.

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

Measurement using historical cost

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

Measurement using fair value

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

These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and accumulated impairment losses where applicable. Separately identified components of assets are measured on the same basis as the assets to which they relate. In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Fair Value Measurement

Buildings are comprehensively revalued once every five years, or whenever volatility is detected, with values adjusted for indexation in the interim years. Fair value measurement of a non-current asset is determined by considering its highest and best use (the highest value regardless of current use). All assets of the HHS for which fair value is measured in line with the fair value hierarchy, take into account observable and unobservable data inputs.

Observable inputs, which are used in Level 2 ratings, are publicly available data relevant to the characteristics of the assets being valued, such as published sales data for land and residential dwellings. Unobservable inputs are data, assumptions and judgements not available publicly, but relevant to the characteristics of the assets being valued and are used in Level 3 ratings. Significant unobservable inputs used by the HHS include subjective adjustments made to observable data to take account of any specialised nature of the buildings (i.e. primary health care, acute care), including historical and current construction contracts (and/or estimates of such costs), and assessments of technological and external obsolescence and physical deterioration as well as remaining useful life. Inputs used to determine the level rating for land include zoning which may restrict use to health service provision only. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets.

Reflecting the specialised nature of health service buildings, fair value is determined using current replacement cost methodology. Current replacement cost represents the price that would be received for the asset, based on the estimated cost to construct a substitute asset of comparable utility, adjusted for obsolescence. This requires identification of the full cost of a replacement asset, adjusted to take account of the age and obsolescence of the existing asset. The cost of a replacement asset is determined by reference to a modern-day equivalent asset, built to current standards and with modern materials.

Refer to the table *Balances and reconciliation of carrying amount* in this note for disclosure of categories for assets and liabilities measured at fair value.

Note 13. Property, plant and equipment (continued)

Revaluation of property measured at fair value

The HHS's land and buildings are independently and professionally valued. South West HHS also revalues significant, newly commissioned buildings in the same manner to ensure that they are transferred from the Department of Health at fair value.

Land values are comprehensively revalued at least every five years. Indices approximating market movement are applied to land assets in the intervening periods. This ensure that land balances are materially accurate and represent fair value at reporting date.

For assets revalued using a cost valuation method (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses and changes in remaining useful life. This is generally referred to as the 'gross method'. For assets revalued using a market or income-based valuation approach – accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

Impact from valuation program

Land

All land holdings were comprehensively revalued by APV Valuers and Asset Management at 30 June 2018, resulting in a decrement of $1.468 million to the carrying amount of land. Indices were assessed as at 30 June 2020, with immaterial movements resulting in no revaluations being applied South West HHS's land portfolio.

Buildings

South West Hospital and Health Service (SWHHS) has completed the second year of a five-year rolling building valuation program (2018-19 to 2022-23). During 2020 twenty-seven material buildings/site improvements located in the Augathella, Injune, Mitchell and Morven regions were comprehensively revalued. Interim indices were applied to the balance of buildings to approximate market growth in construction pricing.

This revaluation resulted in an increment of $1.083 million (2019: $3.734 million) to the carrying amount of buildings.

Depreciation

Depreciation (representing a consumption of an asset over time) is calculated on a straight-line basis (equal amount of depreciation charged each year). The residual (or scrap) value is assumed to be zero. Annual depreciation is based on the cost or the fair value of the asset and the HHS's assessment of the remaining useful life of the individual assets (in the case of building assets, individual asset components, as deemed appropriate). Land is not depreciated as it has unlimited useful life. Assets under construction (work in progress) are not depreciated until they are ready for use.

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

Class	Depreciation Rates
Building and improvements	0.94% - 4.76%
Plant and Equipment	1.25% - 20.00%

Indicators of impairment and determining recoverable amount

All property, plant and equipment are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. If an indicator or impairment exists, South West HHS determines the asset's recoverable amount (higher or value in use and fair value less costs of disposal). Any amounts by which the asset's carrying amount exceeds the recoverable amount is considered and impairment loss.

Note 14. Payables

	2020 $'000	2019 $'000
Trade creditors	**5,998**	6,353
Accrued health service labour - Department of Health	**3,604**	2,819
Other payables	**2,775**	2,222
	12,377	**11,394**

Note 14 Payables (continued)

Significant accounting policies

Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the agreed purchase / contract price, net of applicable trade and other discounts. The amounts are unsecured and normally

settled within 30-60 days. From June 2020 the vendor payment terms for South West HHS were reduced from 30 days to immediate in response to Cabinet approved increased support to all suppliers through Queensland Government procurement.

Note 15. Other liabilities

	2020 $'000	2019 $'000
Unearned revenue	379	-
Contract liabilities	21	-
	400	-

Significant accounting policies

Contract liabilities arise from contracts with customers while other unearned revenue arise from transactions that are not contracts with customers. For further details on the contract liability refer to Note 4 Grant and Other Contributions.

Note 16. Right-of-Use Assets and Lease Liabilities

Leases as a lessee

Right-of-use assets 2020	Buildings $'000	Total $'000
Carrying amount at 1 July 2019	810	810
Additions	627	627
Depreciation expense	(384)	(384)
Disposals	-	-
Other adjustments	-	-
Carrying amount at 30 June 2020	**1,053**	**1,053**

	2020 $'000	2019 $'000
Current		
Lease liabilities	269	
	269	-
Non-Current		
Lease liabilities	755	
	755	-
	1,024	-

	2020 $'000	2019 $'000
Lease liability commitments		
within 1 year	269	
1 year to 5 years	206	
more than 5 years	549	
	1,024	-

The amortisation expense for the 2019-20 was $384,489 and Interest recognised in relation to right- of-use assets for 2019-20 was $19,144 (Refer to Note 10 – Other Expenses)

Note 16. Right-of-Use Assets and Lease Liabilities (continued)

Significant accounting policies

The South West HHS measures all right-of-use assets at cost subsequent to initial recognition.

The South West HHS has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than $10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the department allocates the contractual payments to each component on the basis of their stand-alone prices.

When measuring the lease liability, the Department uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of South West HHS's leases. To determine the incremental borrowing rate, the South West HHS uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

The South West HHS did not hold any finance lease liabilities at 30 June 2019.

Disclosures – Leases as lessee

(i) Details of leasing arrangements as lessee

The HHS routinely enters into leases for property including residential and office accommodation. Some of these leases are short-term leases or leases of low value assets. Lease terms for property leases that are recognised on balance sheet can range from 2 to 26 years. Property leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the department is reasonably certain it will renew the lease. They are not expected to vary materially from year to year.

(ii) Office accommodation, employee housing and motor vehicles

The Department of Housing and Public Works (DHPW) provides the South West HHS with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets.

Note 17. Asset revaluation surplus by class

2020	**Land $'000**	**Buildings $'000**	**Total $'000**
Carrying amount at start of period	-	70,519	70,519
Asset revaluation increment/(decrement)	-	1,083	1,083
Carrying amount at end of period	**-**	**71,602**	**71,602**

2019	**Land $'000**	**Buildings $'000**	**Total $'000**
Carrying amount at start of period	-	66,785	66,785
Asset revaluation increment/(decrement)	-	3,734	3,734
Carrying amount at end of period	-	70,519	70,519

The asset revaluation surplus represents the net effect of revaluation movements in assets.

South West Hospital and Health Service
Notes to the financial statements
For the year ended 30 June 2020

Note 18. Reconciliation of operating result to net cash provided by operating activities

	2020 $'000	2019 $'000
(Deficit)/Surplus for the year	**997**	1,376
Adjustments for:		
Depreciation and amortisation	**7,701**	8,174
Depreciation grant funding	**(7,648)**	(8,174)
Services free of charge	**1,595**	1,542
Services received below fair value	**(1,595)**	(1,542)
Other income	**-**	(66)
Revaluation decrement	**-**	-
Net (gain)/loss on disposal of non-current assets	**26**	60
Reversal of impairment loss receivables	**(109)**	(44)
Other income		
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	**(68)**	(161)
(Increase)/Decrease in GST receivables	**(3)**	260
(Increase)/Decrease in inventories	**(477)**	(26)
(Increase)/Decrease in contract assets	**(1,035)**	-
Increase/(Decrease) in accounts payable	**198**	(67)
Increase/(Decrease) in accrued contract labour	**785**	163
Increase/(Decrease) in GST payable	**(39)**	7
Increase/(Decrease) in contract liabilities and unearned revenue	**400**	478
Net cash from operating activities	**728**	1,980

Note 19. Financial instruments

Categorisation of financial instruments

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

	Note	2020 $'000	2019 $'000
Financial assets measured at amortised cost:			
Cash and cash equivalents	11	**17,562**	16,406
Receivables	12	**2,318**	2,208
Total financial assets		**19,880**	18,614
Financial liabilities measured at amortised cost:			
Payables	14	**12,377**	11,394
Lease liabilities	16	**1,024**	-
Total financial liabilities		**13,401**	11,394

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

Financial risk management

South West HHS activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to Government and South West HHS policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of South West HHS. South West HHS measures risk exposure using a variety of methods as follows:

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

Credit risk exposure

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

Credit risk is considered minimal given all South West HHS deposits are held by the State through the Commonwealth Bank of Australia and Queensland Treasury Corporation.

No collateral is held as security and no credit enhancements relate to financial assets held by South West HHS. In terms of collectability, receivables will be categorised based on the debtor type (i.e. government, private health funds, individuals etc) and the aging of the debts held.

South West HHS applies the *AASB 9* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Throughout the year, South West HHS will assess whether there is evidence that trade receivables (grouped based on shared credit risk characteristics) are impaired. Evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 120 days. The allowance for impairment reflects South West HHS's assessment of the recoverability of receivables and is determined based on historical rates of bad debts (by category) over the past three years and management judgement. Management judgement will include assessments of expected lifetime credit losses, particularly in relation to ineligible debt categories. All known bad debts are written off when identified.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with South West HHS, and a failure to make contractual payments for a period of greater than 120 days past due.

Note 19. Financial instruments (continued)

The following table shows the value of South West HHS receivable balance separated into the time bands used by management in the monitoring of credit risk. South West HHS standard credit terms are payment within 30 days from the date of invoice. Any amounts which are less than 30 days from date of invoice are considered current. All amounts which are outstanding for 30 or more days after the date of invoice are considered to be overdue.

	Current	Overdue			
	Less than 30 days ($'000)	30-60 days ($'000)	61-90 days ($'000)	More than 90 days ($'000)	Total ($'000)
Financial assets 2020					
Receivables	2,003	164	63	240	2,470
Total	2,003	164	63	240	2,470
Financial assets 2019					
Receivables	1,658	188	72	116	2,034
Total	1,658	188	72	116	2,034

	Current	Overdue			
	Less than 30 days ($'000)	30-60 days ($'000)	61-90 days ($'000)	More than 90 days ($'000)	Total ($'000)
Individually impaired financial assets 2020					
Receivables	1	3	3	144	151
Allowance for impairment					-
Carrying amount	1	3	3	144	151
Individually impaired financial assets 2019					
Receivables	14	4	2	69	89
Allowance for impairment	(14)	(4)	(2)	(69)	(89)
Carrying amount	-	-	-	-	-

Liquidity risk

Liquidity risk is the risk that South West HHS will not have the resources required at a particular time to meet its obligations to settle its financial liabilities. South West HHS is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times. The lease liability is recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Lease payments are apportioned between a reduction in the lease liability and interest expense calculated at the applicable discount rate. All other financial liabilities are current in nature and will be due and payable within twelve months. As such no discounting of cash flows has been made to these liabilities in the Statement of Financial Position.

The overdraft facility available to South West HHS remains undrawn at 30 June 2020 (refer note 12).

Interest Rate Risk

The HHS is exposed to interest rate risk on its cash deposited in interest bearing accounts with Queensland Treasury Corporation. The HHS does not undertake any hedging in relation to interest rate risk. Changes in interest rate have a minimal effect on the operating result.

Note 20. Contingencies

Litigation in progress

As at 30 June 2020, the following cases were filed in the courts naming the State of Queensland acting through the South West Hospital and Health Service as defendant:

	2020 No. of cases	2019 No. of cases
Federal Court	-	-
Supreme Court	-	-
District Court	1	-
Tribunals, commissions and boards	7	7
	8	7

Medical and general litigation is underwritten by the Queensland Government Insurance Fund (QGIF). South West HHS liability in this area is limited to an excess per insurable event of $20,000. As at 30 June 2020, South West HHS has 7 Medical Indemnity (formerly known as Health Litigation) and General Liability claims currently managed by QGIF. Some of these claims may never be litigated or result in payments to claimants (excluding initial notices under *Personal Injuries Proceedings Act*). South West HHS 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.

Note 21. Commitments

At 30 June 2020 South West HHS had commenced capital projects with outstanding commitments of $0.365 million (2019: $0.964 million). These projects are largely funded by the Department of Health through the Priority Capital Program or through retained earnings. These capital projects will be completed during the 2020-21 financial year.

South West HHS leases commercial and residential property from the Department of Housing and Public Works to an annual value of $637,506 on an ongoing basis (2019: $883,379).

Property leases within scope for *AASB 16* are now capitalised as right- of-use assets. Refer to Note 16 - right- of-use assets and lease liabilities for commitment ageing.

Note 22. Restricted assets

Contributions are received from benefactors in the form of gifts, donations and bequests for stipulated purposes. South West HHS also holds Refundable Accommodation Deposits from aged care facility residents which form part of South West HHS cash balance but are refunded to residents when they leave the facility. At 30 June 2020, amounts of $2.651 million (2019: $2.158 million), were set aside.

South West HHS administers the Cunnamulla Primary Health Care Centre bank account in accordance with the Collaborative Services Agreement with the Cunnamulla Aboriginal Corporation for Health (CACH). The balance of this restricted asset as at 30 June 2020 was $58,303 (2019: $99,144).

Note 23. Fiduciary trust transactions and balances

	2020 $'000	2019 $'000
Patient trust assets opening balance 1 July	**150**	154
Receipts		
Patient trust receipts	**1,137**	1,193
Total receipts	**1,137**	1,193
Payments		
Patient trust related payments	**1,147**	1,197
Total payments	**1,147**	1,197
Increase/(decrease) in net patient trust assets	**(10)**	(4)
Patient trust assets closing balance 30 June	**140**	150
Patient trust assets		
Current assets		
Cash at bank and on hand	**140**	150
Patient trust and refundable deposits	**-**	-
Total current assets	**140**	150

Significant Accounting Policy

South West HHS acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patient funds are not controlled by South West HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

Note 24. Associates

Western Queensland Primary Care Collaborative Limited (WQ PCC) was registered in Australia as a public company limited by guarantee on 22 May 2015. South West HHS is one of the seven members along with North West Hospital and Health Service (North West HHS), Central West Hospital and Health Service (Central West HHS), Royal Flying Doctor Service, Health Workforce Queensland, Mount Isa Centre for Rural and Remote Health (James Cook University) and the Queensland Aboriginal and Islander Health Council, with each member holding one voting right in the company. The principal place of business of WQ PCC is Mount Isa, Queensland. Each founding member is entitled to appoint one Director to the Board of the company.

WQ PCC's principal purposes as a not-for-profit organisation are to increase the efficiency and effectiveness of health services for patients in Western Queensland, particularly those at risk of poor health outcomes; and improve co-ordination to facilitate improvement in the planning and allocation of resources enabling the providers to provide appropriate patient care in the right place at the right time. These purposes align with the strategic objective of South West HHS to integrate primary and acute care services to support patient wellbeing.

Each member's liability to WQ PCC is limited to $10. WQ PCC's constitution legally prevents it from paying dividends to the members and also prevents the income or property of the company being transferred directly or indirectly to the members. This does not prevent WQ PCC from making loan repayments to South West HHS or reimbursing South West HHS for goods or services delivered to WQ PCC.

South West HHS's interest in WQ PCC is immaterial in terms of the impact on South West HHS's financial performance because it is not entitled to any share of profit or loss or other income of WQ PCC. Accordingly, the carrying amount of South West HHS's investment and subsequent changes in its value due to annual movements in the profit and loss of WQ PCC are not recognised in the financial statements.

South West HHS does not have any contingent liabilities or other exposures associated with its interests in WQ PCC.

Note 25. Actual vs Budget comparison

The original budget has been reclassified to be consistent with the presentation and classification adopted on the financial statements. For the purposes of these comparatives the "Original Budget" refers to the budget entered in May 2019 as part of the Service Delivery Statements (SDS) process which reflected the budget at that point in time. Since then there have been adjustments to funding including, but not limited to:

- Enterprise bargaining agreements
- Deferred funding
- New funding for programs and initiatives per the Service Agreement

A budget vs actual comparison and explanation of variances has not been included for the Statement of Changes in Equity as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Explanations of major variances

Statement of Comprehensive Income

a) The $1.85m (27%) increase in grants and other contributions is mainly due to an unbudgeted $1.59m for services received below fair value.

b) The $1.58m (14%) increase in employee expenses is due to senior medical staffing increases due to staff attaining fellowships.

c) The $7.02m (9%) increase in health service employee expenses is due to $1.85m of additional payments under EB arrangements (including the one-off EB payment), increases in aged care nursing staff $0.99m, the nursing graduates program $1.35m, the reduction in recreational leave taken due to COVID-19 travel restrictions and the move from external to internal staffing profile $1.98m.

d) The $4.38m (9%) decrease in supplies and services is due to change in accounting treatment of operating leases under *AASB 16* ($0.35m), decreased repairs and maintenance expenditure ($1.70m) compared to budgeted activity and decrease in high cost drug medication expenditure ($0.35m). Supplies and services were also impacted by a move of staffing profile from external to internal ($1.98m).

e) The $2.08m (21%) decrease is mainly due to revised useful lives applied to the asset portfolio as a result of the 2018-19 building revaluation program and the New Roma Hospital commissioned in July 2020.

f) The $3.06m (474%) increase in other expenses is mainly due to an unbudgeted $1.59m for services received below fair value, $0.38m recognised as deferred income under *AASB 15*, unbudgeted $0.26m for asset write-downs, loss on disposal of assets and stock adjustments and $0.78m for the QGIF insurance policy.

g) The $1.08m increase is due to unbudgeted revaluation increments resulting from the 2019-20 building revaluation program.

Statement of Financial Position

h) The $4.99m (40%) increase in cash and cash equivalents is mainly due to increased public health services funding revenue ($3.25m) and lower expenditure for repairs and maintenance ($1.70m).

i) The $90.19m (37%) decrease in property, plant and equipment is mainly due the New Roma Hospital commissioned in July 2020.

j) The $1.903 (16%) increase in total liabilities is mainly due to unbudgeted recognition of lease liabilities associated with the introduction of *AASB 16 - Leases* $1.024m, $0.38m recognised as deferred liability under *AASB 15*.

k) The $93.14m (57%) decrease in contributed equity is mainly due to the New Roma Hospital commissioned in July 2020.

Note 19. Actual vs Budget comparison (continued)

Statement of Cash Flows

l) The $1.44m (464%) increase in other receipts is due to higher than budgeted recoveries for staff and project expenditures.

m) The $1.52m (14%) increase in employee expenses is due to senior medical staffing increases due to staff attaining fellowships.

n) The $6.42m (8%) increase in health service employee expenses is due to additional payments under EB arrangements (including the one-off EB payment), increases in aged care nursing staff, the nursing graduates program, the reduction in recreational leave taken due to COVID-19 travel restrictions and the move from external to internal staffing profile (6.13 FTE).

o) The $4.41m (9%) decrease in supplies and services is due to decreased repairs and maintenance expenditure ($1.70m) compared to budgeted activity and decrease in high cost drug medication expenditure ($0.35m). Supplies and services were also impacted by a move of staffing profile from external to internal ($1.98m).

p) The $1.660m (118%) increase is due to additional commissioning this year i.e. Charleville ICT & other PCP.

q) The $7.647m variance relates to non-cash depreciation funding provided by Queensland Treasury and $2.138m New Roma Hospital commissioned in July 2020.

Note 26. Related Party Transactions

Transactions with people/entities related to Key Management Personnel

South West HHS did not have any material transactions with people or entities related to Key Management Personnel during 2019-20.

Transactions with Queensland Government controlled entities

South West HHS 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

South West HHS receives funding in accordance with a service agreement with the Department of Health as outlined in Note 3. The Department of Health receives its revenue from the Queensland Government (majority of funding) and the Commonwealth. South West HHS is funded for eligible services through block funding. The service agreement is reviewed periodically and updated for changes in services delivered by the Hospital and Health Service.

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

The Hospital and Health Service, through service arrangements with the Department of Health, has engaged 754 (2019: 746) full time equivalent persons. In 2020, $88.026 million (2019: $83.214 million) was paid to the Department for Health service employees. The terms of this arrangement are fully explained in Note 7.

The Department of Health centrally manages, on behalf of Hospital and Health Services, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications and technology services. These services are provided on a cost recovery basis. In 2020, these services totalled $11.350 million (2019: $11.375 million).

In addition to services provided on a cost recovery basis, the Department of Health also provides a range of corporate support services to South West HHS at no cost as outlined in Note 4. The value of these services in 2020 totalled $1.592 million (2019: $1.542 million).

Queensland Treasury Corporation

South West HHS has accounts with the Queensland Treasury Corporation (QTC) for general trust monies and aged care refundable deposits. South West HHS receives interest on these deposits from QTC as outlined in Note 11.

Department of Housing and Public Works

South West HHS pays rent to the Department of Housing and Public Works for a number of properties used for employee accommodation, offices etc. In addition, the Department of Housing and Public Works provides vehicle fleet management services (Qfleet) to South West HHS as outlined in Note 9.

Other Hospital and Health Services

Payments to and receipts from other Hospital and Health Services occur to facilitate the transfer of patients, drugs, staff and other incidentals. These transactions are not individually significant.

Other

Grants are also received from other governments departments and related parties, but they are not individually significant transactions.

Transactions with non-Queensland Government controlled entities

As disclosed in Note 24, South West HHS is a participant in the Western Queensland Primary Health Network and is a shareholder of Western Queensland Primary Care Collaborative Ltd (WQPCC).

During the 2019-20 financial year the WQPCC and South West HHS continued the service agreements whereby WQPCC provided funds for the delivery of a Healthy Ageing program at various locations within the South West HHS area and provision of visiting Physiotherapy services in the communities of Cunnamulla and Wallumbilla. During the year South West HHS received revenue of $46,746 (2019: $85,604) for the delivery of physiotherapy services which was lower than the previous year due to the delivery of services being affect by COVID-19. Nil for 2020 (2019: $88,888) for the provision of the Health Care Home program and $300,000 (2019: $300,000) for the provision of the Healthy Ageing program. There was $7,282 (2019: $11,270) in amounts receivable and nil payable (2019: nil) in relation to these agreements at 30 June 2020.

Note 27. Subsequent events

The following matters have arisen since 30 June 2020 –

- The new Roma Hospital and service building achieved practical completion on the 8th of July 2020. Services are to be progressively transitioned from the existing Roma Hospital into the new facility, with the existing facility to be decommissioned before 30 June 2021.
- The Covid-19 response is ongoing with activity led by the Australian and Queensland state governments.
- Linda Patat has resigned as HSCE effective as of 31 July 2020

There are no other matters or circumstances that have arisen since 30 June 2020 that have significantly affected, or may significantly affect South West HHS operations, the results of those operations, or the HHS state of affairs in future financial years.

No other significant events were identified by the South West HHS Executive Leadership Team.

Certificate of South West Hospital and Health Service

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 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 South West Hospital and Health Service for the financial year ended 30 June 2020 and of the financial position of the Hospital and Health Service at the end of that year.

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

Karen Riethmuller Tully
Chair, South West Hospital and Health Board
23/8/20

Samantha Edmonds
A/Health Service Chief Executive
24/8/20

Ken Bissett
A/Executive Director, Finance, Infrastructure and Corporate Services
24/08/2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of South West Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of South West Hospital and Health Service.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Specialised buildings valuation ($136.9 million)

Refer to Note 13 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Buildings were material to South West Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. For 2020 South West Hospital and Health Service performed a comprehensive revaluation of 29 buildings / site improvements with the remainder subject to indexation. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. South West Hospital and Health Service derived the gross replacement cost of its buildings at the 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, – 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 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 judgment in determining the indexation factors that reflected the estimated change, since the previous balance date, in the cost inputs used in developing the gross replacement. • Reviewing previous assumptions and judgements used in the determination of fair value in intervening years between the comprehensive valuation to ensure ongoing validity of assumptions and judgements used. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.	My procedures included, but were not limited to: • Assessing the adequacy of management's review of the valuation process and results. • Reviewing the scope and instructions provided to the valuer. • Assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices. • Assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • Assessing the competence, capabilities and objectivity of the experts used to develop the models • For unit rates associated with buildings that were comprehensively revaluated this year, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate. • Evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices. • Evaluating useful life estimates for reasonableness by: o reviewing management's annual assessment of useful lives o at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets o ensuring that no building asset still in use has reached or exceeded its useful life o enquiring of management about their plans for assets that are nearing the end of their useful life o reviewing asset listings with an inconsistent relationship between condition and remaining useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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Reliance on shared service provider

Refer Note 1

Key audit matter	How my audit addressed the key audit matter

• The Department of Health (the department) is the shared service provider to South West Hospital and Health Service for the management of the financial management information system, and processing of accounts payable transactions in the system.
• The Department replaced its primary financial management information system on 1 August 2019.
• The financial management system is used to prepare the general-purpose financial statements. It is also the general ledger and it interfaces with other software that manages revenue, payroll, and certain expenditure streams. Its modules are used for inventory and accounts payable management.
• The replacement of the financial management system increased the risk of fraud and error in the control environment of the Department and South West Hospital and Health Service.
• The implementation of the financial management system was a significant business and IT project for the Department and South West Hospital and Health Service. It included:
  • designing and implementing IT general controls and application controls
  • cleansing and migrating of vendor and open purchase order master data
  • ensuring accuracy and completeness of closing balances transferred from the old system to the new system
  • establishing system interfaces with other key software programs
  • establishing and implementing new workflow processes.
	I have reported issues relating to internal control weaknesses identified during the course of my audit to those charged with governance.
	My procedures included, but were not limited to:
	• assessing the appropriateness of the IT general and application level controls including system configuration of the financial management system by:
	  ○ reviewing the access profiles of users with system wide access
	  ○ reviewing the delegations and segregation of duties
	  ○ reviewing the design, implementation, and effectiveness of the key general information technology controls.
	• validating account balances from the old system to the new system to verify the accuracy and completeness of data migrated
	• documenting and understanding the change in process and controls for how material transactions are processed, and balances are recorded
	• assessing and reviewing controls temporarily put in place due to changing system and procedural updates
	• Undertaking significant volume of sample testing to obtain sufficient appropriate audit evidence, including:
	  ○ verifying the validity of journals processed pre and post go-live
	  ○ verifying the accuracy and occurrence of changes to bank account details
	  ○ comparing vendor and payroll bank account details
	  ○ verifying the completeness and accuracy of vendor payments, including testing for potential duplicate payments
	• Assessing the reasonableness of:
	  ○ the inventory stocktakes for completeness and accuracy
	  ○ the mapping of the general ledger to the financial statement line items.

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

a) I received all the information and explanations I required.

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

Prescribed requirements scope

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

C. G. Strickland

31 August 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

Acute Care	Care in which the clinical intent or treatment goal is to: • manage labour (obstetric) • cure illness or provide definitive treatment of injury • perform surgery • relieve symptoms of illness or injury (excluding palliative care) • reduce severity of an illness or injury • protect against exacerbation and/or complication of an illness and/or injury • that could threaten life or normal function • perform diagnostic or therapeutic procedures.
AMS	Aboriginal Medical Service
ATODS	Alcohol, Tobacco and Other Drugs Services
BEMS	Building, Engineering and Maintenance Services
CAN	Community Advisory Network
DAMA	Discharge against medical advice
DOH	Department of Health
ED	Emergency Department
FTE	Full-time equivalent
GP	General Practitioner
HiTH	Hospital in the Home
HHS	Hospital and Health Service
HSCE	Health Service Chief Executive
MOHRI	Minimum obligatory human resource information
NSQHS	National Safety and Quality Health Service Standards
Outpatient	Non-admitted health service provided or assessed by an individual at a hospital or health service facility
PPH	Potentially preventable hospitalisations
Primary Health Care	The types of services delivered under primary health care are broad ranging and include: health promotion, prevention and screening, early intervention, treatment and management
QAO	Queensland Audit Office
RFDS	Royal Flying Doctor Service
Telehealth	Delivery of health-related services and information via telecommunication technologies, including: • Live, audio and/or video inter-active links for clinical consultations and educational purposes • Store-and forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists • Teleradiology for remote reporting and clinical advice for diagnostic images • Telehealth services and equipment to monitor people's health in their home
WAU	Weighted Activity Unit
WQPHN	Western Queensland Primary Health Network
YTD	Year to date

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	4
Accessibility	• **Table of contents** • **Glossary**	ARRs – section 9.1	30
	• **Public availability**	ARRs – section 9.2	Inside cover
	• **Interpreter service statement**	*Queensland Government Language Services Policy* ARRs – section 9.3	Inside cover
	• **Copyright notice**	*Copyright Act 1968* ARRs – section 9.4	Inside cover
	• **Information Licensing**	*QGEA – Information Licensing* ARRs – section 9.5	Inside cover
General information	• **Introductory Information**	ARRs – section 10.1	6 – 8
	• **Machinery of Government changes**	ARRs – section 10.2, 31 and 32	Not applicable
	• **Agency role and main functions**	ARRs – section 10.2	9
	• **Operating environment**	ARRs – section 10.3	9 – 12
Non-financial performance	• **Government's objectives for the community**	ARRs – section 11.1	6 – 9
	• **Other whole-of-government plans / specific initiatives**	ARRs – section 11.2	6 – 9
	• **Agency objectives and performance indicators**	ARRs – section 11.3	6 – 9
	• **Agency service areas and service standards**	ARRs – section 11.4	23 - 25
Financial performance	• **Summary of financial performance**	ARRs – section 12.1	27 - 29
Governance – management and structure	• **Organisational structure**	ARRs – section 13.1	13
	• **Executive management**	ARRs – section 13.2	14 – 19
	• **Government bodies (statutory bodies and other entities)**	ARRs – section 13.3	Not applicable
	• **Public Sector Ethics**	*Public Sector Ethics Act 1994* ARRs – section 13.4	22
	• **Human Rights**	*Human Rights Act 2019* ARRs – section 13.5	24
	• **Queensland public service values**	ARRs – section 13.6	24
Governance – risk management	• **Risk management**	ARRs – section 14.1	19
	• **Audit committee**	ARRs – section 14.2	18

Summary of requirement		Basis for requirement	Annual report reference
and accountability	• **Internal audit**	ARRs – section 14.3	20
	• **External scrutiny**	ARRs – section 14.4	21
	• **Information systems and recordkeeping**	ARRs – section 14.5	21
Governance – human resources	• **Strategic workforce planning and performance**	ARRs – section 15.1	26 – 27
	• **Early retirement, redundancy and retrenchment**	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	27
Open Data	• **Statement advising publication of information**	ARRs – section 16	Inside cover
	• **Consultancies**	ARRs – section 33.1	https://data.qld.gov.au
	• **Overseas travel**	ARRs – section 33.2	https://data.qld.gov.au
	• **Queensland Language Services Policy**	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• **Certification of financial statements**	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	71
	• **Independent Auditor's Report**	FAA – section 62 FPMS – section 46 ARRs – section 17.2	76

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government age*