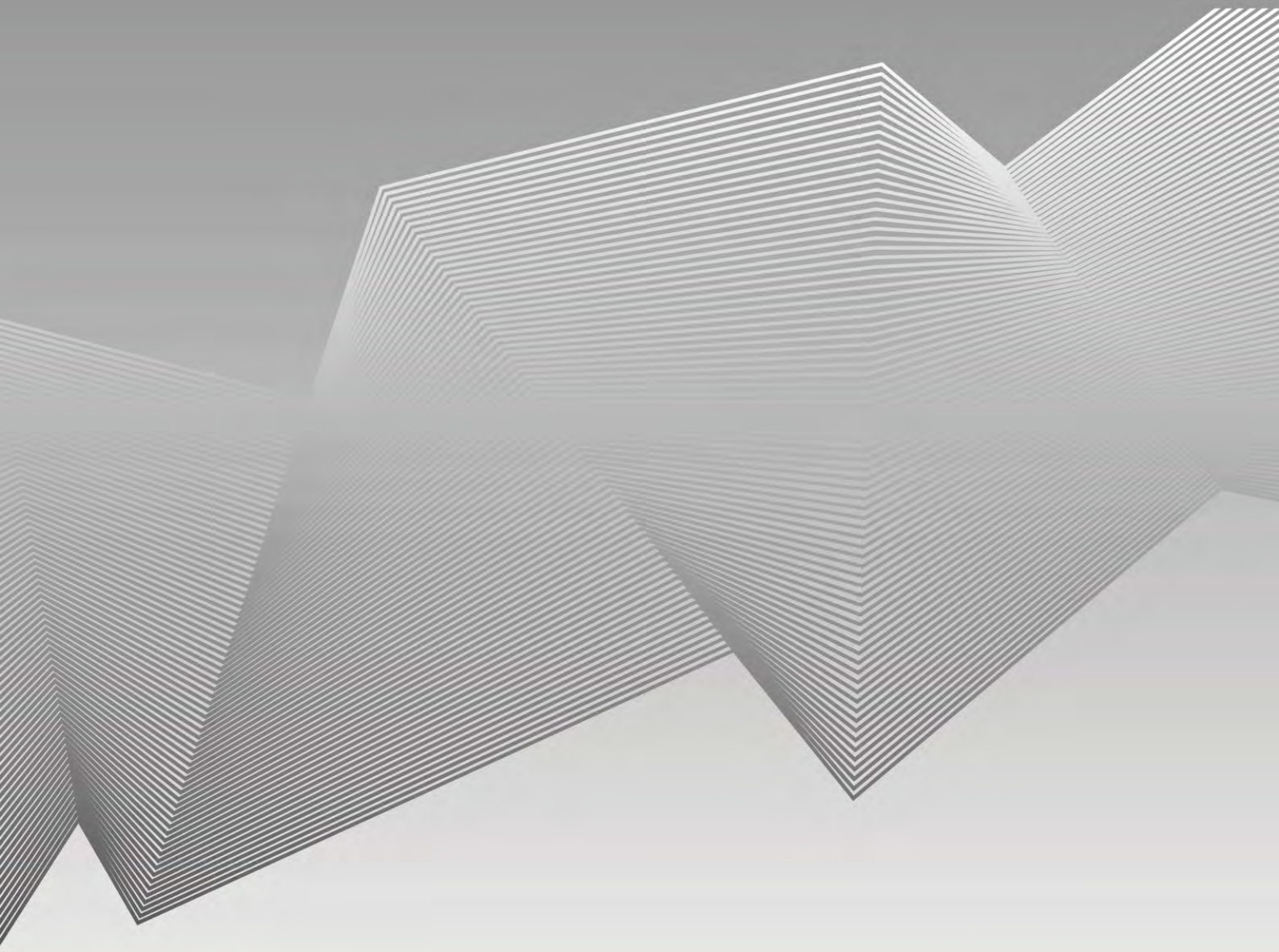
South West Hospital and Health Service

ANNUAL REPORT 2020–2021



Queensland Government

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

An electronic copy of this report is available at: 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.

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 4505 1544 and we will arrange an interpreter to effectively communicate the report to you.

Attribution:

Content from this annual report should be attributed as:

The State of Queensland (South West Hospital and Health Service) annual report 2020–2021.

Acknowledgement of Traditional Owners

The South West Hospital and Health Service acknowledges the traditional custodians of the lands upon which health services are provided in South West Queensland, 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 as follows:

Augathella - Bidjara (Bid-jara)

Bollon - Kooma (Coo-ma)

Charleville - Bidjara (Bid-jara)

Cunnamulla - Kunya (Koun-yah) with other interests

Dirranbandi - Kooma (Coo-ma)

Eromanga - Boonthamurra (Boon-tha-murra)

Injune - Kongabula (Kong-ga-bull-a)

Mitchell - Gunggari (Gon-gari)

Morven - Bidjara (Bid-jara)

Mungindi - Kamilaroi (Car-milla-roy)

Quilpie - Mardigan (Mar-d-gan)

Roma - Mandandanji (Mand-an-dand-gee)

St George - Kooma with Kamilaroi, Mandandanji, Bigambul and Gungarri interests

Surat - Mandandanji (Mand-an-dand-gee)

Thargomindah - Kullila (Coo-lee-lar)

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

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Letter of compliance

2 September 2021

The Honourable Yvette D'Ath MP
Minister for Health and Ambulance Services
GPO Box 48
Brisbane QLD 4001

Dear Minister D'Ath

I am pleased to submit for presentation to the Parliament the Annual Report 2020-2021 and financial statements for the South West Hospital and Health Service.

I certify 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 report requirements is provided at pages 32 and 33 of this annual report.

Yours sincerely

Karen Riethmuller Tully
Board Chair
South West Hospital and Health Service

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Statement on Queensland Government objectives for the community

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 health and wellbeing - the South West Hospital and Health Service (HHS) is committed to a healthier future for South West Queenslanders.

As further detailed within this annual report, the strategic initiatives outlined in the priority areas of South West HHS's *Strategic Plan 2018-2022* – of Our Communities, Our Teams, Our Resources and Our Services – fully align with the service directions outlined in both *My health, Queensland's future: Advancing health 2026* and the Queensland Government's objectives for the community detailed within *Unite and Recover – Queensland's Economic Recovery Plan* which, alongside our key partners and in collaboration with the local communities we are privileged to serve, address key health challenges in terms of:

- *Safeguarding our health*: by providing quality, evidence-based clinically safe and culturally appropriate services from maternal to aged care services within a rural and remote context that further improves physical and mental health outcomes, promote wellbeing and reduce historic health inequities.

- *Growing our regions*: across three service hubs of Roma, St George and Charleville - and with our new Roma Hospital serving as a key referral centre for the region – we continue to seek further opportunities to invest in required infrastructure and models of care to support our communities by minimising unnecessary travel and increase self-sufficiency where clinically safe and sustainable to do so. In partnership with Southern Queensland Rural Health and other partners, also strive to become an employer of choice, seeking to attract the brightest and best graduates looking to commence their careers with an outback adventure – including those returning home following completion of their University studies.

- *Backing our frontline services*: being one of the largest employers in the region, employing 809 Full-Time Equivalent positions as at 30 June 2021, and as a provider of both acute and primary care, we work closely with our wider key service partners and stakeholders to ensure a balanced approach to person-centred care, and support our people provide their very best each and every day.

From the Chair and Health Service Chief Executive

It is with great pleasure that we present the Annual Report of the South West Hospital and Health Service (HHS) for the 2020-2021 Financial Year.

Alongside our valued partners - and building on the strong foundations and ongoing dedication, determination and commitment of our staff - we continue to stand *shoulder2shoulder* with the communities we are privileged to serve in tackling the determinants that impact upon health and wellbeing across the South West.

Despite the ongoing implications of the COVID-19 virus and its global, national and statewide impacts, South West HHS has once again delivered excellence in health services to the people of South West Queensland.

For the eighth of nine years since establishment, South West HHS also achieved an operating surplus during the reporting period, while still delivering on agreed major services and key safety and quality performance indicators.

COVID-19 prevention, protection and response

Since the onset of the pandemic, our staff, patients, their families and carers continue to adapt to new models of care and service delivery, including the further optimisation of telehealth and connected care services, to ensure agile health service continuity.

With immense thanks to our communities, collectively we have prevented a single case of COVID-19 across the South-West while protecting our communities through social distancing, hand hygiene, testing, border controls, use of QR codes and of course our vaccination program. In collaboration with our healthcare partners, we have been one of the two leading HHSs in the proportion of our eligible population vaccinated, efforts that will continue into the coming year as we strive to keep our communities safe.

We also truly appreciated our communities understanding - but no less personal cost in terms of lost personal connection with loved ones - where access to our residential aged care and multipurpose health services were necessarily restricted in accordance with statewide Public Health Directions throughout the year.

Our staff must also be commended for their tireless efforts - both behind the scenes and on the front line - in the face of the evolving operational requirements at a facility level and also shouldering the additional significant burden and logistical challenges of managing testing clinics and the rolling out of vital community vaccination clinics across the South West, which covers approximately 17 per cent of Queensland.

Our new Roma Hospital

For over 80 years, upon what is known locally as 'Hospital Hill', Roma Hospital has played a significant part in the life story of nearly every local resident. As part of the Queensland Government's *Enhancing Regional Hospitals Program* our new $116.6 million state of the art 22-bed Roma Hospital commenced operational service on 27 October 2020, replacing the adjacent hospital originally built in 1940 and refurbished during the 1980s.

It is with pride that we acknowledge and recognise 14 employees who have worked in our original, refurbished and now new hospital. The combination of acute, allied health and outpatient, mental health, pharmacy and oral health services hosted under the one roof ensures a truly integrated multidisciplinary acute and outpatient service. Since opening, we have also received extensive positive feedback from our staff, the Roma community and

visiting specialist medical colleagues who are experiencing a first-rate facility on a par expected by our metropolitan cousins.

Throughout the project, construction provided a significant boost to the local economy. We also look forward to welcoming our first student intake to the new $6 million, 20 unit, purpose built student accommodation at the adjacent Clearview Rise estate during the 2021-2022 Financial Year.

Performance overview

Collectively, our teams have continued to exceed statewide expectations in terms of high quality, timely, accessible and safe services not only in our acute facilities, but also across some of the most remote and dispersed communities within Queensland, all whilst continuing our focus on health prevention and promotion and with no significant issues or risks in relation to patient safety or quality.

During the year, our emergency departments managed over 28,000 presentations with 95 per cent seen and discharged or admitted within four hours. Five hundred patients received a gastrointestinal endoscopy while just over 1,000 patients received elective surgery within clinically recommended timeframes. South West HHS dental services also continued to excel, delivering state leading levels of service in terms of total volumes, timeliness and preventative care.

Our telehealth services have also once again exceeded expectations with high rates of satisfaction recorded, delivering almost 300 more occasions of service above target as we continue to break down accessibility barriers to community based services - in addition to improving how our staff across various sites interact each and every day - by aiming to minimise the disruption of having to travel significant distances wherever possible.

From one of the lowest in the state, South West HHS also became one of its highest performers in terms of Mental Health Documented Care Plans, exceeding the 65 per cent benchmark by 30 June 2021. We aim to continue this important focus upon ensuring our clients have appropriate plans with scheduled reviews in place during the coming financial year, in addition to ensuring newly introduced smoking pathway targets for Community Mental Health are comparable with our Inpatient and Dental rates, which are also amongst the highest in the state.

Continuation of person centred care

Behind every number is, of course, a person and South West HHS staff will never lose sight of ensuring person-centred compassionate care of the highest order, informed for the 2021-2023 period by our second edition *Person Centred Care Roadmap,* and underpinned by our Compassionate Care Pledge.

Our Healthy Communities initiative is also continuing to deliver bespoke lifestyle modification, promotion and early intervention activities which directly meet the expressed needs of local communities. A key to success in this shared endeavour is continued close working with local government, educational providers and other valued partners.

Further evidence of the importance of place-based community driven activity is also demonstrated by the continued success and wide range of activities facilitated by way of our HOPE – Harmony, Opportunity, Pride and Empowerment – collaborative for young people in Charleville and Cunnamulla.

Closing the gap

With further detail regarding our continuing efforts to improve health outcomes for First Nations people included in this report, a key highlight was the highly regarded COVID-19 health promotion activities driven by four Identified colleagues across the South West in partnership with our Aboriginal Medical Service partners and funded through an investment of $316,000 from the Queensland Health *Making Tracks* program.

With 40 staff proudly identifying as First Nations people, we were delighted that our First Nations workforce once again exceeds the *Queensland Health Workforce Diversity and Inclusion Strategy* 2017 benchmarks, equating to 4.9% of our staff against a 3.79% benchmark for 2020-2021.

During the 2021-2022 period, we will bring to fruition our first Aboriginal and Torres Strait Islander Health Equity Plan which will be co-designed, developed and implemented in partnership with our Aboriginal and Torres Strait Islander staff, community members and organisations as well as with other key stakeholders.

Our people

Over recent years, and with the offer of a rural and remote adventure, South West HHS has strived to become an employer of choice. A total of 33 nursing and midwifery graduate positions were approved to commence across our 26 facilities - including a welcome return home for several graduates and two dual nursing-paramedicine degree holders - of which nine are scheduled to have commenced by August 2021. We also extend a warm welcome to all employees who joined the South West team during the reporting period.

During early 2021, the Board underwent a process of scheduled renewal during which Karen Riethmuller Tully was reappointed as Board Chair and Claire Alexander reappointed as board member. We also welcomed Bruce Scott and Chris Hamilton as new members and farewelled Fiona Gaske following her immense contributions to the South West community since her original appointment in May 2014, including serving as Chair of the Board's Quality and Safety Committee, and also a member of its Executive Committee, between 2015 and 2020.

From an Executive perspective, we welcomed Dr Debra Tennett as the Executive Director Medical Services and Clinical Governance, Helen Wassman as Executive Director Allied Health, Chris Neilsen as Acting Director Organisational Development and Rodney Landers Snr commenced as Acting Director of Aboriginal and Torres Strait Islander Health and Engagement.

To all staff, we want to thank you for the exceptional care you have provided to our patients and communities through this unprecedented time. Despite the challenges, we have achieved remarkable results due to your compassion, dedication, resilience and commitment.

Community engagement

Our 15 Community Advisory Networks (CAN) continue go from strength to strength following a seamless transition to virtual engagement where we were unable to meet face to face. It is positive to see the commencement of a Mental Health CAN with steps in place to establish an eYouth CAN.

We sincerely thank all CAN participants for their continuing advocacy on behalf of their local communities and look forward to a further twelve months of close engagement as we move to develop our next four-year strategic plan for implementation from 1 July 2022.

Forward look

With a welcome 2.1 per cent increase to South West HHS's operating budget - and an $8.1 million capital infrastructure commitment, towards a total spend of $13.2 million - announced in the 2021-2022 State Budget, we approach the 2021-2022 Financial Year with an optimism, sense of purpose and confidence that our path towards increased health and wellbeing remains achievable.

The South West Hospital and Health Board and Executive Leadership Team therefore look forward to continuing our evolving journey in becoming a national leader in the delivery of health services to rural and remote communities and ensuring the ongoing provision of safe, effective and sustainable rural and remote health services that people trust and value.

Karen Riethmuller Tully
Chair
South West Hospital and Health Service Board

Craig Carey
Acting Health Service Chief Executive
South West Hospital and Health Service

About us

Established on 1 July 2012, the South West Hospital and Health Service (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).

Our key partners in the planning and delivery of services that are focused on what matters most to the people and communities of the South West include:

- Our Aboriginal Medical Service Partners –Charleville and Western Areas Aboriginal and Torres Strait Islander Community Health, Cunnamulla Aboriginal Corporation for Health, the Surat Aboriginal Corporation and Goondir Health Services
- The Royal Flying Doctors Service
- Western Queensland Primary Health Network
- Southern Queensland Rural Health, of which South West HHS is a founding partner
- Our 15 Community Advisory Networks
- The Darling Downs Public Health Unit
- Queensland Emergency Service colleagues (Ambulance, Police and Fire, in addition to State Emergency Service teams)
- State and Commonwealth departments of health and associated programs and key initiatives, including Tackling Regional Adversity through Integrated Care (TRAIC)
- Other statewide entities, such as Health and Wellbeing Queensland, Health Consumers Queensland and the Queensland Mental Health Commission.

Our 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 the *South West HHS Strategic Plan 2018-2022* guides our ongoing direction and reaffirms our commitments towards our values, priorities and enablers.

The plan, combined with a range of supporting enabling strategies and other key initiatives, ensures South West HHS and our partners all work towards common goals with agreed outcomes and ensures our organisational efforts and resources remain focused upon appropriate service directions.

In accordance with the *Financial and Performance Management Standard 2019* our strategic plan is reviewed annually. A scheduled four-year substantive refresh, informed by associated community and staff engagement activities, will commence during late 2021 for implementation effective 1 July 2022.

Our 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

Our Priorities

Our priority deliverables for 2020-2021 were shaped around key strategic priorities of:

- *Our communities* – always put people first, avoid preventable harm and strengthening local collaborative partnerships to 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 2018-202*2 our efforts continued to be focused on strengthening access to health services and delivering 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.

During the reporting period, there were nil Machinery of Government Changes that directly impacted upon South West HHS's administrative and operational arrangements.

Aboriginal and Torres Strait Islander Health

South West HHS remains committed to improving the life and health literacy of First Nations people, but we recognise there is still a way to go in achieving more equitable outcomes for our communities.

Performance against Closing the Gap and *Making Tracks toward closing the gap in Queensland* service agreement indicators continue to be reported and monitored by the South West HHS Aboriginal and Torres Strait Islander Leadership Advisory Council, Executive Leadership Team and Board as well as continuing to be assessed via quarterly performance meetings with the Department of Health.

Working closely with our local Aboriginal Medical Services partners, key highlights during the reporting period include:

- Supported by funding provided from the *Making Tracks* program, four Identified positions were funded to co-design and establish a COVID-19 First Nations Response Team in partnership with local Aboriginal Medical Services providers and partners between November 2020 and March 2021 - promoting 'drop in' sessions, participating in scheduled community events and common meeting places to share culturally appropriate messaging and distribute resource bags of COVID-19 information and practical resources including fridge magnets of key information, hand santizer and wipes
- Annual roll-out of *Tackle Flu* campaign, providing further opportunities to promote best practice COVID-19 hygiene measures and vaccine information

- Appointment of additional Aboriginal and Torres Islander people to South West Community Advisory Networks (CANs), including to the position of Chair, Roma CAN
- Inclusion of an Indigenous Liaison Officer to the membership of the South West HHS Clinical Council, subsequently becoming one of the three South West HHS representatives to the statewide Queensland Clinical Council
- An ongoing schedule of quarterly yarning circles further supplemented by ad hoc meetings with local staff during the Health Service Chief Executive's schedule of facility visits and attendance at the South West HHS Aboriginal and Torres Strait Islander Leadership Advisory Council
- Establishment of the Director of Aboriginal and Torres Strait Islander Health and Engagement position within the Executive Leadership Team
- Transition of Indigenous health workers from the Operational Workstream to a dedicated Aboriginal and Torres Strait Islander Health Workstream in accordance with the statewide *Aboriginal and Torres Strait Islander Health Workforce (Queensland Health) Certified Agreement (No.1) 2019*
- Ongoing promotion of key dates of cultural significance and recognition of Traditional Owners.

As we continue to actions towards closing the health and life expectancy gap between Aboriginal and Torres Strait Islander and non-Indigenous peoples, South West HHS will commence delivery of a co-designed and co-implemented Aboriginal and Torres Strait Islander Health Equity Strategy during 2021-2022, which will also be evaluated in partnership with First Nations peoples, staff and community partners.

Our community based and hospital based services

Queensland's second largest Hospital and Health Service by catchment area, at 319,000 square kilometres – or 17 per cent of the state - South West HHS delivers person centred care to over 26,000 people across the six Local Government Areas of the Balonne, Bulloo, Murweh, Paroo and Quilpie Shire Councils, and the Maranoa Regional Council.

Quality public health services are delivered from our hospitals - at Charleville, Roma and St George – our multipurpose health services, at Augathella, Cunnamulla, Dirranbandi, Injune, Mitchell, Mungindi, Quilpie and Surat, and four community clinics at Bollon, Morven, Thargomindah and Wallumbilla.

The South West HHS also operates nine general practices across the region and two residential aged care facilities at Westhaven, in Roma, and Waroona in Charleville.

During the reporting period, a new $116.6 million 22-bed Roma Hospital commenced operational service on 14 October 2020 and was formally opened by the Premier and Minister for Trade and the Minister for Health and Ambulance Services on 1 June 2021. Completion of a new student accommodation precinct, providing 20 new accommodation units, was also achieved during the reporting period which will provide future student placements with a sense of community and connectedness within the Roma community.

A new $820,000 Surat Primary Health Care Clinic opened on 27 July 2020, providing a contemporary model for delivering improved primary rural health services to the Surat community. The new clinic supports contemporary multidisciplinary team working, including consultation rooms for visiting allied health and other professionals – resulting in improved patient flow and a more productive and comfortable environment.

Server infrastructure was also improved by transiting our nine Primary Care facilities to new Citrix environment, hosted by eHealth Queensland, with resulting speed and performance

significantly outweighing the previous solution. Following this, our GP services then transitioned to Best Practice software to further enhance patient care and efficiency.

During the financial year, a total of $9,347,689 of capital building works and new equipment acquisitions were also completed.

Of this total, the Priority Capital Program funded $6,233,731 for the following completed capital projects:

- Mechanical upgrades at Waroona Multipurpose Centre (MPC), Augathella Multipurpose Health Service (MPHS), and Mitchell MPHS replaced existing under-performing air-conditioners and fresh air ventilation systems. During the course of these works, new air-conditioning and ventilation systems were also installed in identified rooms.
- In order to meet Australian Standards for Electrical Safety upgrades were completed at our Wallumbilla, Thargomindah and Morven Community Clinics, the St. George Dental Clinic, the Westhaven Residential Aged Care Facility and Waroona MPC, and also our Quilpie, Injune and Surat MPHS.
- To meet an urgent community need for aged care accommodation an underutilised area in the Cunnamulla Hospital, was converted into four single bedrooms with individual ensuites. A new building for Clinical Stores was also included which provided better and extra storage space.

Funded by discretionary cash reserves two key capital projects were completed:

- A Dementia wing upgrade, including an enhanced outdoor area, was undertaken at Waroona MPC. To improve resident and family room privacy, nine double bedrooms were converted into 18 single bedrooms. The entire outdoor area was upgraded so it can be used all year, day or night, and in most weather. New entertainment and gardening areas for families to meet, engage, and relax were also created

- An ambulance ramp and improved entry access was also upgraded at the Thargomindah Community Clinic. In the past, ambulances were required to park away from the facility, requiring patients to be taken into the facility via a front ramp and through the Waiting Room. The new ambulance ramp and improved entry access provides patients have much greater privacy and quicker access into the Treatment Room while the ambulance is conveniently and securely garaged.

A further $853,490 of Minor Capital Projects were completed throughout the year including:

- Upgrading and enlargement of two rooms at Augathella MPHS, to include individual ensuites and the creation of a sensory garden
- A new non-clinical and chemical storage building for Mitchell MPHS
- Replacement of four bathroom floors at Waroona Multipurpose Centre
- A new Triage Room for Quilpie MPHS, through redesigning an existing room and provision of a new and enlarged Family Privacy / Quiet Room through reconfiguration of two rooms.

To ensure our facilities are maintained appropriately, the Infrastructure and Maintenance team undertake a rolling schedule of condition assessments across South West HHS facilities every three years. Eight site condition assessments were undertaken during 2020-2021. From these condition assessments, and additional $1.5 million in corrective maintenance works were also completed.

In November 2020, South West HHS also welcomed the opening of Southern Queensland Rural Health's $3 million Charleville Clinical Training Facility - located on the grounds of Charleville Hospital – which is fully equipped with clinical simulation rooms, telehealth studios, videoconferencing equipment, consultation rooms, training rooms, an outdoor education area and other training resources.

South West HHS provides free car parking for the convenience of patients, their families and visitors and our staff. Consequently, there was no requirement to issue car parking concessions during the reporting period.

Targets and challenges

Within the context of a dynamic environment influenced by ever changing community expectations, government priorities and technological advances, key ongoing challenges for the South West HHS and our partners include:

- The ongoing capacity and capability of the workforce to meet service demands
- Maintaining financial sustainability, outdated infrastructure and the ability to deliver contemporary models of care and ICT, in addition to keeping pace with digital innovations across dispersed populations
- 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
- The potential of withdrawal of external services delivered by other providers, which further escalates demand on South West HHS resources and staff to avoid interruption and cessation of services within the wider community.

As detailed within the biannual *Health of Queenslanders Report*, issued by the Chief Health Officer, Queensland Health during November 2020, there also remains a continuing trend of higher prevalence health risk factors evident across the South West Queensland population, relative to statewide averages, particularly in relation to a higher proportion of overweight people, higher rates of risky alcohol consumption, and other implications associated with resultant chronic conditions and - as a result - higher rates of potentially preventable hospitalisations and, ultimately, a marginally lower life expectancy.

By way of ongoing close collaboration with government agencies, service providers, key stakeholders and the community, South West HHS continues to proactively navigate these implications in order to successfully deliver our collective goals and purpose of improving the health and wellbeing of South West Queenslanders.

Governance

Our people

Board membership

The South West Hospital and Health Board (the Board) - comprising eight members as at 30 June 2021 - is the independent and locally controlled governing body of the South West HHS.

Section 19 of the *Hospital and Health Boards Act 2011* sets out the range of functions the Board must perform to ensure the delivery of hospital and health services in accordance with the terms of the South West HHS's service agreement with the Department of Health.

Board members, appointed by the Governor in Council upon the recommendation of the Minister for Health and Ambulance Services, are responsible for setting the strategic direction and providing oversight of the South West HHS - ensuring quality healthcare services are provided, compliance and performance is routinely monitored, financial performance is achieved, effective systems are maintained and community engagement through meaningful consultation and collaboration is strengthened in line with the Government's Objectives for the Community, wider statewide health policies and applicable directives and national standards.

Reporting through the Chair to the Minister for Health and Ambulance Services, the Board collectively possesses a range of skills and expertise – including a clinician and a member identifying as a First Nations person - in order to perform its functions and exercise its powers in accordance with the provisions of the *Hospital and Health Boards Act 2011*.

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 serving in that position on an acting basis – applicable powers and functions which it may lawfully delegate, save those reserved to the Board.

As at 30 June 2021, membership of the Board comprised:

Name	Originally appointed	Current term of office
• Ms Karen Tully (Chair)	18/05/2017	10/06/2021 – 31/03/2024
• Ms Claire Alexander	26/06/2015	18/05/2021 – 31/03/2024
• Mr Ray Chandler	18/05/2017	18/05/2020 – 31/03/2022
• Mrs Jan Chambers	18/05/2019	18/05/2019 – 31/03/2022
• Ms Kerry Crumblin	18/05/2020	18/05/2020 – 31/03/2024
• Dr Mark Waters	18/05/2020	18/05/2020 – 31/03/2024
• Mr Bruce Scott OAM	10/06/2021	10/06/2021 – 31/03/2024
• Mr Chris Hamilton	10/06/2021	10/06/2021 – 31/03/2024

Member Fiona Gaske retired from the Board on 17 May 2021, having originally been appointed on 18 May 2014.

On 18 May 2021, Ms Claire Alexander was reappointed to the Board for a further term of office. On 10 June 2021, Ms Karen Tully was reappointed as Board Chair, with Mr Bruce Scott

OAM and Mr Chris Hamilton appointed as new Members. During the reporting period, Mrs Jan Chambers was also confirmed as the Board's Deputy Chair.

Detailed biographies of our Board members can be found at:
www.southwest.health.qld.gov.au/about-us/our-board/

Board committees

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. Each committee is required to report to the Board through its minutes with the full Board, during its meetings, deliberating these minutes and any key points of discussion that are introduced by the respective Committee Chair.

In accordance with the *Hospital and Health Boards Act 2011*, and in contributing to the wider governance of the South West HHS, the following prescribed Board committees were operational as at 30 June 2021:

- **Executive Committee** (Chair: Karen Tully)
  - *Purpose:* to support the Board with its governance responsibilities and make recommendations to the Board in relation to strategic planning and the development and review of policies and strategies including engagement, Human Resources and ICT strategies.
  - *Functions:* working with the Health Service Chief Executive, the Executive Committee supports strategic planning processes and operational planning and reporting. The Committee also serves to progress strategic issues identified by the Board; and support the Board in further developing its approach to good governance and other related matters as may be necessary or desirable.
  - *Summary:* throughout the year, the Executive Committee reviewed progress against the South West HHS Operational Plan, suite of enabling strategies and the development of the *South West HHS Health Service Plan 2021-2031*.

- **Audit and Risk Committee** (Chair: Claire Alexander)
  - *Purpose:* to assist the Board in fulfilling its oversight responsibilities and to provide independent assurance to the Board on audit and risk matters.
  - *Functions:* in accordance with the *Hospital and Health Boards Regulation 2012*, the Committee 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*.
  - *Summary:* the Audit and Risk Committee operated within its terms of reference with due regard to *Queensland Treasury's Audit Committee Guidelines*, monitoring audit and compliance obligations and strategic risks.

- **Finance Committee** (Chair: Ray Chandler)
  - *Purpose:* to advise the Board on matters pertaining to the financial performance of the South West HHS.
  - *Functions:* in oversight terms, the Committee sets the strategic financial direction, monitors financial sustainability, frameworks and compliance improvements, assesses financial risk and may advise and make recommendations to the Board.

- *Summary:* during the reporting period, the Committee reviewed a range of standing reports in relation to Capital Infrastructure and the progression of the Service Agreement with the Department of Health, and endorsed annual Budget, Capital Budget and Budget principles, as well as Financial Delegations. Quarterly reporting in relation to Financial Risk, Financial Management were also considered in addition to other reports relevant to the Committee's functions.

- **Safety and Quality Committee** (Chair: Dr Mark Waters)
  - *Purpose:* to advise the Board on matters pertaining to the appropriateness, quality, effectiveness and safety of health services, ensuring that all persons are provided a high quality standard of care in a safe environment.
  - *Functions:* in accordance with the *Hospital and Health Boards Regulation 2012*, the Committee is responsible for advising the Board on matters relating to the safety and quality of health services, monitoring governance arrangements and appropriate indicators that promote improvements in the quality and safety of services and collaborating with other safety and quality committees, the department and other statewide quality assurance committees in relation to the safety and quality of services.
  - *Summary:* the Safety and Quality Committee continued to review consumer feedback and a range of safety and quality performance and systems reporting, clinical risks and other reporting in accordance with an annual schedule of safety and quality reporting and other matters relevant to the Committee's functions.

Board attendance

The Board routinely meets monthly, except for December and, wherever possible, rotates its meetings around South West communities. A summary of each meeting is also made available for the information of staff, community and wider stakeholders.

Each committee comprises individual Board members and, where applicable, non-voting South West HHS staff and other external participants, to advise and make recommendations to the Board about matters within the scope of the Board's functions as detailed within respective terms of reference.

Meeting attendance during the reporting period are summarised as follows:

Table 1: Board and Prescribed Committee meetings participation, 2020-2021

	Karen Tully	Claire Alexander	Ray Chandler	Jan Chambers	Kerry Crumblin	Mark Waters	Bruce Scott*	Chris Hamilton*	Fiona Gaske#
Board	15/15	14/15	14/15	15/15	15/15	14/15	1/1	1/1	5/15
Executive	2/2	2/2	2/2	2/2		2/2			
Audit and Risk	4/5	4/5		1/5	5/5	4/5			2/5
Finance	4/5	5/5	5/5	5/5	5/5				
Safety and Quality	4/4		1/2^	4/4	4/4	4/4			2/2^

^ Fiona Gaske replaced Ray Chandler effective 24 November 2020
*Bruce Scott and Chris Hamilton were appointed to the Board effective 10 June 2021
Fiona Gaske retired from the Board effective 17 May 2021

Board remuneration

The Governor in Council approves remuneration arrangements for the Board Chair and Members, with annual fees paid by the South West HHS consistent with the *Remuneration procedures for part-time chairs and members of Queensland Government bodies*, maintained by the Department of the Premier and Cabinet, namely $68,243 for the Chair and $35,055 for Members.

In accordance with this government procedure, annual fees are also paid per statutory committee membership ($2,000) or committee chair role ($2,500).

Several Board members were also reimbursed for out-of-pocket expenses during 2020-2021. The total value reimbursed was $3,638.96.

Executive management

Overseen by a HSCE, the South West HHS Executive Leadership Team is responsible for governance excellence and 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.

As at 30 June 2021, the South West HHS Executive Leadership Team comprised:

Health Service Chief Executive

- Mr Craig Carey (Acting)

Executive Director Finance, Infrastructure and Corporate Services

- Ms Samantha Edmonds

Executive Director Medical Services and Clinical Governance

- Dr Debra Tennett

Executive Director Nursing and Midwifery

- Mr Chris Small

Director Organisational Development

- Mr Chris Neilsen (Acting)

Executive Director Primary and Community Care

- Ms Rebecca Greenway (Acting)

Executive Director Allied Health

- Ms Helen Wassman

Director of Aboriginal and Torres Strait Health and Engagement

- Mr Rodney Landers Senior (Acting)

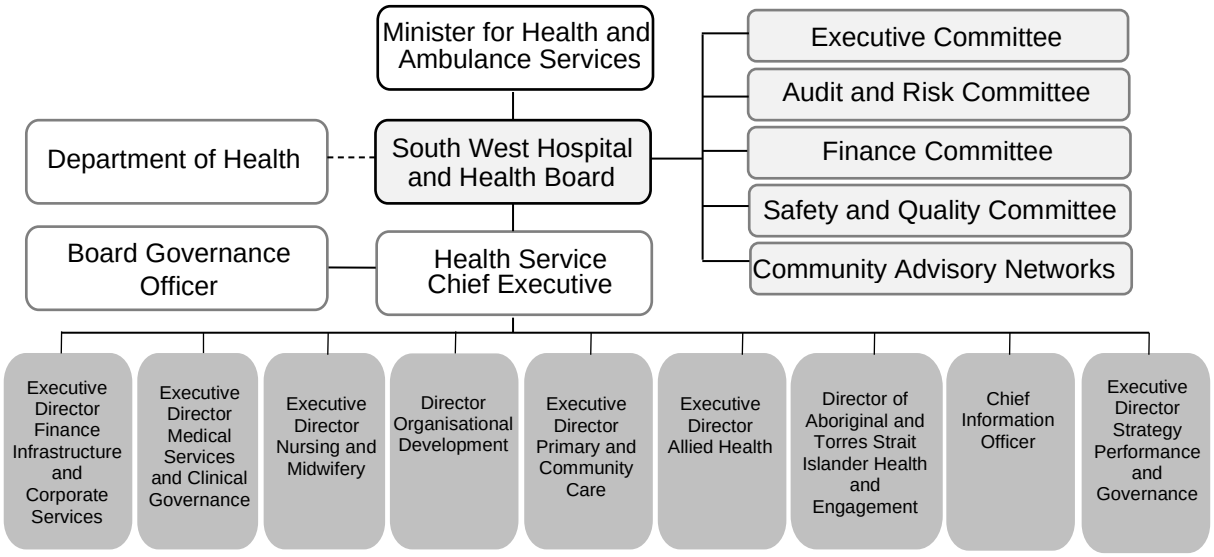
Chief Information Officer

- Ms Helen Murray

The position of the Executive Director Strategy, Performance and Governance was vacant as at 30 June 2021, with key functions overseen by the Health Service Chief Executive. Detailed biographies of the Executive Leadership Team can be found at:
www.southwest.health.qld.gov.au/about-us/our-executive-leadership-team/

Organisational structure and workforce profile

As at 30 June 2021, the high level organisational structure of the South West HHS was as follows:



During the reporting period, the positions of Senior Indigenous Health Coordinator and the Allied Health Professional Lead were replaced by the positions of Director Aboriginal and Torres Strait Islander Health and Engagement and Executive Director Allied Health respectively.

Of note, the Director of Aboriginal and Torres Strait Islander Health and Engagement position ensures a clear focus upon coordinating health reporting, investment and programs towards Closing the Gap, the development of a new South West HHS Aboriginal and Torres Strait Islander Health Equity Strategy and providing ongoing leadership to our First Nation colleagues.

The position will also provide strategic leadership, high level advice and stakeholder engagement on behalf of all First Nations people, their families and wider communities across the South West, ensuring they remain active partners in the design and evaluation of culturally appropriate services that meet their needs.

South West HHS's workforce profile as at 30 June 2021 was as follows:

*Table 2: More doctors and nurses**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Medical staff [a]	23	26	28	27	26
Nursing staff [a]	341	362	338	372	368
Allied Health staff [a]	68	74	64	62	88

*Table 3: Greater diversity in our workforce**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Persons identifying as being First Nations [b]	27	28	34	36	40

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-21.
Source: [a] DSS Employee Analysis, [b] Queensland Health MOHRI, DSS Employee Analysis

Strategic workforce planning and performance

Workforce is a key focus for the strategic development and planning of the Health Service, and we are focused and committed to attracting, recruiting and retaining outstanding individuals who are passionate about promoting equitable health and wellbeing, and service excellence, across 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 educational training providers, such as Southern Queensland Rural Health, to support a sustainable supply of quality graduates to meet the workforce demands of the South West.

We also seek to identify instances where workforce capability would be better supported by wider partnership arrangements and specialist advice and targeting of partnerships to better support our people.

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 new starter interviews and a refreshed exit survey suite, all designed to connect and engage with our staff during their time in the South West.

The permanent separation rate during the reporting period was 8.79 per cent in comparison to the previous 12 month average of 10.07 per cent.

Employee performance 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 to this is training and developing our employees to nurture and embed growth and support quality healthcare outcomes.

South West HHS continued to progress our *Leadership Landscape* approach, ensuring staff #myPathway is underpinned by new, transparent Leadership Standards. This framework is based on the core philosophy that everyone is a leader in the South West – whether they be leader of self, leader of others, leader of leaders, executive or chief executive. The framework explains how leadership is demonstrated at every layer of our workforce, aligned by standards of behaviour that can be viewed, and expected from us, at any time.

Employee flexible working arrangements and wellbeing

South West HHS encourages the use of flexible work arrangements, enabling staff to work remotely, from home and / or to travel in and out of the Health Service. We also value the ability to offer flexible working arrangements to attract and retain staff and implemented a Working from Home Checklist to facilitate and encourage working from home under flexible working arrangements.

We have also implemented new ways of working, particularly in response towards necessary pivots initiated during the response to the COVID-19 pandemic. We have amplified our telehealth services and implemented a Work Offsite Procedure 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 concerns were addressed and suitable working options implemented for their safety.

Consistent messaging promoting best practice hygiene measures and not presenting to work when sick until symptoms have cleared continue to be routinely shared with staff, with all colleagues also encouraged to access COVID-19 vaccinations as part of the national uptake program in order to further protect themselves, their patients and their communities.

As members of our communities, a range of workforce initiatives are promoted via regular newsletters, messages and staff meetings to encourage healthier lifestyle behaviours. Some of these include *Target 320* smoking cessation, promotion of *Dry July*, physical exercise and - particularly during the COVID-19 pandemic - various apps to promote financial, physical, mental and emotional wellbeing. An inaugural *10,000 Steps Challenge* accumulated a total of 66.7 million steps logged by almost 250 staff members across 22 teams over 28 days.

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

In May 2021, the South West HHS Clinical Council was also asked to take a further lead on Reducing Red Tape, Staff Wellness and Expanding Scope of Practice for the remainder of the 2021 calendar year, starting with a *Getting rid of Stupid Stuff* (GROSS) staff initiative.

Leadership and management development framework

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 focused upon contemporary capability requirements.

During the reporting period, the Workforce Development Unit was rebranded as the Learning and Development Unit. Ongoing improvements have been made to the current Learning Online system which continues to be maintained with additional training modules and a monthly Compliance Road Map established and routinely cascaded to staff.

Managers and supervisors undertook the next phase of the LEAD4QLD Program which commenced during the previous 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.

A further strategy is currently being designed to invest in, and nurture, our future leaders. It will be aimed at transforming our staff by cultivating skills and capabilities of our emerging leaders. We are also developing further reinvestment strategies that will bring together staff who have attended training, with the intention that they collaborate and develop ways to share and embed collective learnings throughout the whole of the service.

As scalable, repetitive practice combined with an increased sense of presence maximises learning effectiveness, equipment has been 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 headset. 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, continues to meet on a regular basis. Our union engagement remains very positive and collaborative, ensuring we are consistently aligned with applicable Industrial Frameworks through local and department level initiatives.

Employee Engagement

At an operational level, planning and other reporting processes continue to incorporate employee engagement and other relevant staff inputs to keep the staff of the health service connected to one another and the strategic strategies of the organisation.

Alongside routine staff communications and leader rounding activities, other supporting engagement opportunities include the South West HHS Senior Leaders Forum which meets bi-monthly, daily safety briefings involving all facilities, and opportunities to further engage staff during monthly Virtual Town Hall meetings. An *Ask Executive* email account also enables staff to submit questions for further consideration of the Executive team, which may also be submitted anonymously where preferred.

The participation response rate to the *Working for Queensland Survey 2020*, facilitated by the Queensland Public Service Commission, was 46 per cent - a seven per cent increase upon the 2019 response rate. Ninety-four per cent of respondents indicated that they understood how their work contributed towards the organisation's overall objectives and a range of local action plans were developed in response to feedback received.

The next Working for Queensland Survey is anticipated to commence during September 2021 with outputs and wider trends and insights to be further utilised when developing the next iteration of the South West HHS Clinician and Employee Engagement Strategy for the period 2022-2026, which will be completed for implementation effective 1 July 2022.

Early retirement, redundancy and retrenchment

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

Our risk management

Identifying, managing and responding to risk is integral to South West HHS's everyday activities and remains a key responsibility for all staff. We approach risk with a comprehensive, integrated and coordinated methodology to enable successful risk management of both challenges and opportunities.

Our risk management system aligns with the Australian/New Zealand *ISO 31000:2018 Risk Management Principles and Guidelines* to guide and influence our approach to the management of risk. The South West HHS 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 culture continues to mature.

Key accountability bodies within the risk framework are that:

- The Board retains ultimate responsibility for monitoring key risks and ensuring there are systems and processes in place to identify, manage and monitor these risks.
- The Board has delegated responsibility for overseeing risk management activities to its Audit and Risk Committee.

- The Audit and Risk Committee oversees the assurance of the health service's risk management framework, and the internal control structure and systems' effectiveness for monitoring compliance with relevant laws, regulations and government policies.

The HSCE and applicable Executive Directors manage risks with support from internal management structures within their areas of responsibility. Significant risks are reported to the Executive Business Resilience Committee, the Board and its Audit and Risk Committee on a regular basis.

Ministerial Directions

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to the HHS during the financial year and the action taken by the HHS as a result of the direction.

During the 2020-2021 period, no directions were given by the Minister to South West HHS.

Internal audit

South West HHS has a well established Internal Audit function in accordance with section 24 of the *Financial and Performance Management Standard 2019*.

The Internal Audit function provides independent, objective assurance to the Executive Leadership Team, the Board and its Audit and Risk Committee, on the state of risks and internal controls and provides management with recommendations to further enhance controls.

The subsequent delivery of audits is conducted through an outsourced partnership arrangement using a global consulting firm. This firm provides subject matter experts and lead audits requiring specialist knowledge and skills. Although the function liaises regularly with the Queensland Audit Office (QAO) it remains independent of the QAO.

During the period, the following Internal Audits were undertaken:

- *Rostering and Fatigue Management Review* to assess the design adequacy and operating effectiveness of processes and key controls in place for Nursing and Midwifery rostering, considering alignment of fatigue management protocols as part of current rostering practices
- *Procurement Review* to assess the design of procurement controls against better practice and compliance with relevant policies and procedures
- *Financial Management Reporting* to assess the design adequacy and operating effectiveness of the processes and key controls in place for financial management reporting performed by Business Managers.
- A *Clinical Incident Management Review* to assess the design adequacy and operating effectiveness of processes and key controls in place for the management of clinical incidents was also completed during the reporting period and will be progressed to the Board's Audit and Risk Committee during 2021-2022.

External Scrutiny

The South West HHS's operations are also 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.

An 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 alongside other applicable insights generated from a wider review of QAO and other system wide reports.

During the reporting period, Parliamentary reports tabled by the Auditor-General which broadly considered performance considerations applicable to the South West HHS included:

- *Planning for sustainable health services* (Report 16:2020-2021)
- *State entities 2020 financial audit report* (Report 13:2020-2021)
- *Health 2020 financial audit report* (Report 12:2020-2021)
- *Effectiveness of audit committees in state government entities* (Report 2—2020–21),

The recommendations contained within the Auditor-General reports were considered with action being taken to implement appropriate recommendations.

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

Executive Committees and other forums

An extensive range of South West Tier 1 and Tier 2 Committees continue to meet and function in accordance with governing terms of reference. This includes a new Aged Care Quality and Safety Committee which was established November 2020 to meet the requirements of the Aged Care Quality and Safety Standards.

The South West HHS Clinical Council continues to meet regularly to discuss clinical leadership, innovation, engagement and provide expert advice informed by clinicians from across the whole of the health service.

The South West HHS Aboriginal and Torres Strait Islander Leadership Advisory Council also continues to meet regularly to provide advice and participate in shared decision making in relation to the organisation's cultural capability, workforce, and safety and quality priorities for Aboriginal and Torres Strait Islander peoples.

As part of South West HHS's statewide contribution towards the COVID-19 response, and to ensure ongoing public confidence and assurance in our health system and its readiness, the South West Incident Management Team and Command Cells, supplemented by regular local Health Emergency Operations Centre meetings, and the regular distribution of staff and stakeholder communications continued throughout the reporting period.

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.

As part of their orientation and onboarding, new staff are required to undertake training in the Code of Conduct for the Queensland Public Service with all staff 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 also 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.

To further support inclusive and transparent processes - made with appropriate levels of delegation and / or scope of practice - which are undertaken with a patient's best interests at heart, a *South West HHS Decision Making Framework* has been developed which, in addition to our public service considerations, takes into account the Board's strategic risk appetite, the *Australian Charter of Healthcare Rights*, and human rights obligations.

Human rights

The South West HHS Executive Leadership Team - and our Board - fully respects and seeks to protect and promote human rights considerations in all its decision-making and actions.

South West HHS 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 the 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.

Having previously undertaken an extensive review of all South West HHS policies and procedures prior to the formal commencement of the *Human Rights Act 2019 (Qld)* on 1 January 2020, both new and scheduled refreshes of existing South West documentation continues to take these important considerations into account which are also reflected in a *South West HHS Decision Making Framework* developed during the reporting period.

In accordance with the provisions of section 97 of the *Human Rights Act 2019*, there were nil human rights complaints submitted to South West HHS. During the reporting period, some enquiries were made by families unable to visit loved ones in South West HHS facilities due to necessary measures implemented in response to COVID-19. Where possible, actions were taken to accommodate the needs of families, patients and residents, respecting their human rights and dignity and balancing service and operational requirements.

Information systems and recordkeeping

Right to Information

Our Health Service values the right of people to access their personal information, including wider 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* when managing personal information and continue to seek to embed good privacy practices into our culture.

Records Management

The South West HHS continues to create, receive and maintain clinical and business records in support of its legal, community and stakeholder obligations. Business and clinical records are managed in physical and digital formats – both upon South West HHS premises and also offsite storage - in accordance with applicable internal procedures.

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*.

During the reporting period, a significant rationalisation of clinical records was undertaken in advance of the transition to the new Roma Hospital.

My Health Record

A key Australian Government initiative, *My Health Record* is a secure online summary of an individual's health information enabling:

- Healthcare providers to access to information about their patients including known allergies, medical conditions, medications, advance care documents, and test or scan results
- Patients to control information included within their My Health Record, including the ability to permanently delete their account at any time

As the system is national, if the patient moves, or is travelling 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, and a range of community engagement activities throughout the year, South West HHS continued to further optimise local uptake during 2020-2021 in order to fully utilise benefits of the system across the patient journey between primary care, hospital and community care, including self-managed access by patients.

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.

During the reporting period, the HSCE did not authorise the disclosure of confidential information.

Information Security attestation

South West HHS is separately contributing towards Queensland Health's statewide Information Security Annual Return including attestation to the department's information security posture and its compliance with the *Queensland Government Enterprise Architecture (QGEA) Information Security Policy* (IS18:2018).

Performance

Delivery of the *South West HHS Strategic Plan 2018-2022* is driven by way of annual operational plans.

Key achievements against our four strategic priorities include:

Our Communities

- Increased numbers of families supported by virtual eChild Development services alongside introduction of Kindy Vision / Hearing Screening Programs
- Implementation of Health Care Homes model of care to strengthen primary care integration and outcomes
- Implementation of the Safer Baby Bundle in accordance with statewide action plan, including the completion of a Nicotine Replacement Therapy trial.
- Ongoing progression of the next phase of the South West HHS Healthy Communities initiatives, including engagement across schools in healthy cooking programs, smoking cessation and alcohol awareness strategies – in addition to the ongoing work of the HOPE Team, in both Cunnamulla and Charleville, supporting a range of youth and mental health and wider wellbeing initiatives for the benefit of local communities.
- Strengthening community based mental health services, ensuring an increase above statewide benchmarks - from 17 per cent at the beginning of the financial year to 66.3 per cent by 30 June 2021.
- Ongoing staff and community engagement, predominantly by virtual means, with establishment of new Mental Health CAN and initiation of an eYouth CAN.

Our Teams

- Increased representation of First Nations people within South West HHS workforce – from 4.4 per cent during June 2020 to 4.9 per cent by early July 2021, against a 3.4 per cent benchmark.
- Transition of ten Indigenous health workers into a dedicated Aboriginal and Torres Strait Islander Health Workstream, from the Operational Workstream, under new *Aboriginal and Torres Strait Islander Health Workforce (Qld Health) Certified Agreement (No. 1) 2019* arrangements.
- Completion of facility audit and steps initiated to review procedural documentation to reflect *Health Safety and Wellbeing Framework* requirements.

Our Resources

- Enhanced uptake and of telehealth service delivery – meeting benchmark two months ahead of trajectory and ultimately delivering 293 occasions of service above target.
- Relaunch of South West HHS *Village Connect* and Innovation Well concepts, as reflected in the updated *Person Centred Care Road Map* and *Getting Rid of Stupid Stuff* initiative to be led by the South West HHS Clinical Council.
- Renewal of server infrastructure by transiting our Primary Care facilities to new Citrix environment, hosted by eHealth Queensland, with speed and performance significantly improved. Our GP services then transitioned to Best Practice software to further enhance patient care and efficiency.

Our Services

- Supported Discharge Framework developed for patients potentially seeking to discharge against medical advice (DAMA) to ensure safe and effective pathway for care. As at 30 June 2021, South West HHS First Nation DAMA was 1.02 per cent, against a 1 per cent target.
- Implementation of a whole of service Cardiac Plan, and significant uplift against a 60 per cent benchmark in terms of eligible patients completing their outpatient assessment within 28 days from 43 per cent as at 30 June 2020 to 88 per cent by 30 June 2021.

- Further promotion of Healthy Ageing initiatives and development of a Frail Older Person's Strategy, including almost 310 staff completing face to face training, and development of a self-guided Care of the Older Person in the Emergency Department online training module.
- Ongoing partnership with Southern Queensland Rural Health and wider university and other partners to develop rural and remote specific training and placements.
- Continuing engagement with Aboriginal Medical Service partners and local communities to further promote services in response to local need, including COVID-19 First Nations Response Project and rollout of Pfizer and AstraZeneca Community Vaccination Clinics.
- Completion of the *South West HHS Health Service Plan 2021-31*.

Community and Consumer Engagement

Community and consumer engagement in the planning, delivery, and evaluation of services remains a key priority for South West HHS through 15 voluntary CAN and two Aged Care Consumer Forums.

An additional eight Multipurpose Health Service consumer forums were established during 2021 in accordance with the National Safety and Quality Health Service MPHS Aged Care Module.

A dedicated Mental Health CAN, which had met twice by May 2021, was also established and expressions of interest for membership of an eYouth CAN issued during the reporting period.

Each CAN continues to include a designated Executive Leadership Team (ELT) representative and is supported by the local Director of Nursing / Facility Manager.

Despite the implications of the COVID-19 pandemic, which has limited opportunities to travel and facilitate face to face meetings throughout the year, South West HHS continues to communicate extensively with our CANs – all of whom have been paramount in terms of ensuring local communities remain up to date with information regarding COVID-19, community vaccination clinics and other key health and service information. To ensure continuity of engagement, Microsoft Teams and 'Kitchen Bench' discussions where utilised in place of face to face meetings as required.

The annual CAN Forum was held virtually on 27 October 2020, attended by over 50 CAN members, the ELT, Board Chair and South West HHS staff. Key presentations were provided by the Chief Executive Officer of Health and Wellbeing Queensland, the Acting Executive Director Primary and Community Care and Acting Senior Indigenous Liaison Co-ordinator, a plenary session was also conducted.

Agency objectives and performance indicators

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 which identifies the range of health services that South West HHS will provide, funding for those services and associated targets and performance indicators to ensure required outputs and outcomes are achieved.

Progress against these deliverables are formally discussed with the Department of Health on a quarterly basis.

Service standards

During the reporting period, South West HHS continued to deliver strong levels of safe, effective, and equitable care against its performance expectations, in addition to contributing towards the statewide public health system response towards the COVID-19 pandemic.

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

In summary, South West HHS continued to meet, and most instances exceed, service targets within clinically recommended timeframes in relation to emergency department presentations and patient off stretcher time, elective surgery treat in time performance.

South West HHS also exceeded its 30 June 2021 telehealth outpatients service event target by May 2021.

Total Full-Time Equivalent staffing was also within target as at 30 June 2021.

Table 4: Service Standards – Performance 2020-2021

South West Hospital and Health Service	2020-2021 Target	2020-2021 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes[1]		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	100%
Category 3 (within 30 minutes)	75%	99%
Category 4 (within 60 minutes)	70%	99%
Category 5 (within 120 minutes)	70%	100%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department[1]	>80%	95%
Percentage of elective surgery patients treated within the clinically recommended times[2]		
Category 1 (30 days)	>98%	99%
Category 2 (90 days)[3]	..	100%
Category 3 (365 days)[3]	..	100%
Median wait time for treatment in emergency departments (minutes)[1]	..	2
Median wait time for elective surgery treatment (days)[2]	..	82
Efficiency measure		
Not identified		
Other measures		
Number of elective surgery patients treated within clinically recommended times[2]		
Category 1 (30 days)	200	168
Category 2 (90 days)[3]	..	184
Category 3 (365 days)[3]	..	650
Number of Telehealth outpatients service events[4]	3,610	3,919

South West Hospital and Health Service	2020-2021 Target	2020-2021 Actual
Total weighted activity units (WAU)[5]		
Acute Inpatients	5,670	5,089
Outpatients	1,703	1,983
Sub-acute	917	1,036
Emergency Department	3,104	2,909
Mental Health	160	135
Prevention and Primary Care	417	586
Ambulatory mental health service contact duration (hours)[6]	>5,410	3,622
Staffing[7]	812	809

1 During the rapid response to the COVID-19 pandemic, facilities utilised existing systems to manage presentations at fever clinics. In some cases, the management of these clinics was closely related to the management of the emergency department meaning that some fever clinic activity was managed via the emergency department systems. As a result, the 2020-2021 Actual includes some fever clinic activity.

2 In preparation for COVID-19 and consistent with the National Cabinet decision, Queensland Health temporarily suspended non-urgent elective surgery in 2019-2020. This has impacted the treat in time performance and has continued to impact performance during 2020-2021 as the system worked to reduce the volume of patients waiting longer than clinically recommended.

3 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery, and the continual impacts to services as a result of responding to COVID-19, treated in time performance targets for category 2 and 3 patients are not applicable for 2020-2021.

4 Telehealth data reported as at 23 August 2021.

5 The 2020-2021 Target varies from the published 2020-2021 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q23. As HHSs have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to target can occur. Data reported as at 23 August 2021.

6 Mental Health measures reported as at 22 August 2021.

7 Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments.

Summary of financial performance

The South West HHS achieved an operating surplus of $5.692 million for the year ending 30 June 2021. As a statutory body for the ninth year, this is the eighth 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.

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.

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 $179.052 million, which is an increase of $19.174 million (11.99 per cent) from 2019–2020:

- Block funding, depreciation funding and general-purpose funding for public health services was 88.2 per cent or $157.863 million
- Australian Government grants and other grants funding was 5.1 per cent or $9.081 million for health services
- Own source revenue was 6.4 per cent or $11.526 million
- Other revenue was 0.3 per cent or $0.582 million.

Total expenses were $173.360 million. Total expenditure increased by $14.479 million (9.11 per cent) from last financial year. Major areas of expenditure are shown in the following table. Compared to last financial year this depicts the most significant increases in supplies and services, due to increased supply of health services in line with funding increases, and depreciation and amortisation, due to the transfer of the new Roma Hospital from the Department of Health. Proportions of current year expenditure are shown in the following table:

Table 5: Expenses comparison

	2020-2021	2019-2020	Variance	Variance
	$'000	$'000	$'000	%
Employee expenses	12,595	12,729	-134	-1.05
Health service employee expenses	89,407	88,026	1,381	1.57
Supplies and services	53,636	46,725	6,911	14.79
Depreciation and amortisation	11,403	7,701	3,702	48.07
Revaluation decrement	121	-	121	-
Other expenses	6,198	3,700	2,498	67.51
Total	**173,360**	**158,881**	**14,479**	**9.11**

Assets and liabilities

South West HHS's asset base amounts to $262.512 million. 88.74 per cent or $232.963 million of this is invested in property, plant and equipment. $28.439 million is held in cash, receivables and inventory.

A breakdown of property, plant and equipment and a comparison to the last financial year are shown in the following table:

Table 6: Property, plant and equipment comparison

	2020-2021	2019-2020	Variance	Variance
	$'000	$'000	$'000	%
Land	3,999	4,120	-121	- 2.94
Buildings	208,293	136,973	71,320	52.07
Plant and Equipment	12,062	7,980	4,082	51.15
Capital WIP	8,609	2,276	6,333	278.25
Total	**232,963**	**151,349**	**81,614**	**53.92**

South West HHS received non-appropriated equity transfers of $86.424 million from the

Department of Health during the financial year ended 30 June 2021 mainly in relation to the new Roma Hospital assets.

South West HHS's current liabilities are $16.917 million. With a cash balance of $22.133 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 30 June 2021, the South West HHS had reported anticipated maintenance of $3.79 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
- utilise 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 2021, 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.

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
CAN	Community Advisory Network
ED	Emergency Department
ELT	Executive Leadership Team
FTE	Full-time equivalent
GP	General Practitioner
HHS	Hospital and Health Service
HSCE	Health Service Chief Executive
ICT	Information Communication Technology
MPHS	Multipurpose Health Service
MOHRI	Minimum obligatory human resource information
Outpatient	Non-admitted health service provided or assessed by an individual at a hospital or health service facility
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
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

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	1
Accessibility	• **Table of contents** • **Glossary**	ARRs – section 9.1	2 31
	• **Public availability**	ARRs – section 9.2	Inside front cover
	• **Interpreter service statement**	*Queensland Government Language Services Policy* ARRs – section 9.3	Inside front cover
	• **Copyright notice**	*Copyright Act 1968* ARRs – section 9.4	Inside front cover
	• **Information Licensing**	*QGEA – Information Licensing* ARRs – section 9.5	Inside front cover
General information	• **Introductory Information**	ARRs – section 10	4 - 12
Non-financial performance	• **Government's objectives for the community and whole-of-government plans/specific initiatives**	ARRs – section 11.1	3
	• **Agency objectives and performance indicators**	ARRs – section 11.2	25 - 26
	• **Agency service areas and service standards**	ARRs – section 11.3	26 - 28
Financial performance	• **Summary of financial performance**	ARRs – section 12.1	28
Governance – management and structure	• **Organisational structure**	ARRs – section 13.1	17
	• **Executive management**	ARRs – section 13.2	13 - 16
	• **Government bodies (statutory bodies and other entities)**	ARRs – section 13.3	N/A
	• **Public Sector Ethics**	*Public Sector Ethics Act 1994* ARRs – section 13.4	22
	• **Human Rights**	*Human Rights Act 2019* ARRs – section 13.5	23
	• **Queensland public service values**	ARRs – section 13.6	22
Governance – risk management and accountability	• **Risk management**	ARRs – section 14.1	20 - 21
	• **Audit committee**	ARRs – section 14.2	14
	• **Internal audit**	ARRs – section 14.3	21
	• **External scrutiny**	ARRs – section 14.4	21 - 22
	• **Information systems and recordkeeping**	ARRs – section 14.5	23 - 24
	• **Information Security attestation**	ARRs – section 14.6	24

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	• **Strategic workforce planning and performance**	ARRs – section 15.1	18 - 20
	• **Early retirement, redundancy and retrenchment**	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	20
Open Data	• **Statement advising publication of information**	ARRs – section 16	Inside front cover
	• **Consultancies**	ARRs – section 33.1	https://data.qld.gov.au
	• **Overseas travel**	ARRs – section 33.2	Nil
	• **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	72
	• **Independent Auditor's Report**	FAA – section 62 FPMS – section 46 ARRs – section 17.2	73 - 76

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

South West Hospital and Health Service

Financial Statements - 30 June 2021

South West Hospital and Health Service
For the year ended 30 June 2021

Contents

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 2021

	Note	2021 $'000	Original Budget 2021 $'000	2020 $'000	Note 25	Actual vs Budget variance $'000
Revenue						
User charges	2	**11,526**	9,810	10,493	a	1,716
Public health services funding	3	**157,863**	149,053	140,069	b	8,810
Grants and other contributions	4	**9,081**	7,065	8,752	c	2,016
Other revenue	5	**582**	354	564		228
Total revenue		**179,052**	166,282	159,878		12,770
Expenses						
Employee expenses	6	**12,595**	12,991	12,729	d	(396)
Health service employee expenses	7	**89,407**	88,988	88,026	e	419
Supplies and services	9	**53,636**	52,731	46,725	f	905
Depreciation and amortisation	13 & 16	**11,403**	10,620	7,701	g	783
Revaluation decrement		**121**	-	-	h	121
Other expenses	10	**6,198**	952	3,700	i	5,246
Total expenses		**173,360**	166,282	158,881		7,078
Operating result		**5,692**	-	997		5,692
Other comprehensive income						
Items that will not be reclassified subsequently to operating result						
Increase/(decrease) in asset revaluation surplus	17	**(3,815)**	-	1,083	j	(3,815)
Other comprehensive income for the year		**(3,815)**	-	1,083		(3,815)
Total comprehensive income for the year		**1,877**	-	2,080		1,877

The accompanying notes form part of these statements.

South West Hospital and Health Service
Statement of Financial Position
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	11	**22,133**	17,562
Receivables	12	**4,573**	2,507
Inventories		**1,733**	1,463
Total current assets		**28,439**	21,532
Non-current assets			
Property, plant and equipment	13	**232,963**	151,349
Right-of-use assets	16	**1,110**	1,053
Total non-current assets		**234,073**	152,402
Total assets		**262,512**	173,934
Liabilities			
Current liabilities			
Payables	14	**14,678**	12,377
Lease liabilities	16	**203**	269
Other liabilities	15	**2,036**	400
Total current liabilities		**16,917**	13,046
Non-current liabilities			
Lease liabilities	16	**915**	755
Total non-current liabilities		**915**	755
Total liabilities		**17,832**	13,801
Net assets		**244,680**	160,133
Equity			
Contributed equity		**153,699**	71,082
Asset revaluation surplus	17	**67,786**	71,601
Retained surplus		**23,195**	17,450
Total equity		**244,680**	160,133

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 2021

	Note	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:					
Equity injections (Capital works and funding swaps)		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
Net effect of Prior year adjustments				53	

	Note	Contributed equity $'000	Asset revaluation surplus $'000	Retained surplus $'000	Total equity $'000
Balance at 1 July 2020		71,082	71,601	17,503	160,186
Operating result for the year		-	-	5,692	5,692
Other comprehensive income for the year		-	(3,815)	-	(3,815)
Total comprehensive income for the year		**-**	**(3,815)**	**5,692**	**1,877**
Transactions with owners in their capacity as owners:					
Net assets received (transferred via non-appropriated equity transfers)	1	86,424	-	-	86,424
Equity injections (Capital works and funding swaps)	13	7,598	-	-	7,598
Equity withdrawals (Depreciation funding)	3	(11,404)	-	-	(11,404)
Balance at 30 June 2021		**153,699**	**67,786**	**23,195**	**244,680**

The accompanying notes form part of these statements.

South West Hospital and Health Service
Statement of Cash Flows
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Inflows			
User charges		**9,055**	9,512
Public health services funding		**145,345**	132,051
Grants and other contributions		**7,455**	7,097
GST input tax credits from ATO		**3,759**	3,145
GST collected from customers		**132**	106
Other receipts		**2,705**	1,744
Outflows			
Employee expenses		**(12,921)**	(12,666)
Health service employee expenses		**(92,263)**	(87,699)
Supplies and services		**(48,140)**	(46,665)
GST paid to suppliers		**(4,240)**	(3,158)
GST remitted to ATO		**(129)**	(135)
Other payments		**(3,021)**	(2,604)
Net cash provided by operating activities	18	**7,737**	728
Cash flows from investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		**10**	13
Outflows			
Payments for property, plant and equipment		**(10,450)**	(3,677)
Net cash used in investing activities		**(10,440)**	(3,664)
Cash flows from financing activities			
Inflows			
Equity injections		**7,598**	3,068
Outflows			
Lease payments		**(324)**	1,024
Net cash provided by financing activities		**7,274**	4,092
Net increase in cash held		**4,571**	1,156
Cash and cash equivalents at the beginning of the financial year		**17,562**	16,406
Cash and cash equivalents at the end of the financial year	11	**22,133**	17,562

The accompanying notes form part of these statements.

Note 1. Basis for preparation and other accounting policies

Basis of Financial Statement preparation

Statement of compliance

The South West Hospital and Health Service (South West HHS) has prepared these financial statements in compliance with section 62 (1) of the *Financial Accountability Act 2009* and section 39 of the *Financial and Performance Management Standard 2019.*

These financial statements are general purpose financial statements, 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 2021, 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 HHS. South West HHS does not control any other entities (see Note 24 – Associates and Note 26 – Related Party Transactions).

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 at the date of signing the management certificate.

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)

Present Value

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

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could 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. Significant transfers took place during the 2020-21 financial year for the Roma Hospital Redevelopment. The transfer of building and site improvement assets from the Department of Health to South West HHS took place on 7 June 2021. (Refer Note 13).

	2021 $'000	2020 $'000
Transfer in - practical completion of projects from the Department of Health*	83,122	-
Net transfer of property, plant and equipment (to)/from the Department of Health	3,302	(3)
	86,424	(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/from departments other than Department of Health are not included. Depreciation transferred to South West HHS was $1,889.

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 cost, adjusted where applicable, for any loss of service potential. Cost is assigned on a weighted average cost.

Taxation

South West HHS is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for 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.

Objectives

The objectives of the South West Hospital and Health Service (HHS) is to perform the key role in 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 the South West HHS website - https://www.southwest.health.qld.gov.au/about-us/

First year application of new accounting standards or changes in policy

AASB 1059 SERVICE CONCESSION ARRANGEMENTS: GRANTORS

South West HHS applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020-21. The nature and effect of changes resulting from the adoption of AASB 1059 are described below.

Transitional impact

The initial adoption of AASB 1059 did not have a material impact as South West HHS does not currently have any arrangements that fall within the scope of AASB 1059.

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

Future impact of accounting standards not yet effective

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

Current Year Impacts

During the 2020-21 financial year, South West HHS revalued its land and buildings portfolio using a combination of comprehensive revaluations and indexation. The impact to the 30 June 2021 South West HHS financial statements as a result of the revaluations is included in Note 13. Property, plant and equipment.

No other 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.

Significant financial impacts – COVID-19 pandemic

The following significant transactions were recognised by South West HHS during the 2020-21 financial year in response to the COVID-19 pandemic.

	2021 $'000	2020 $'000
Significant expense transactions arising from COVID-19		
COVID-19 response	**2,470**	593
COVID-19 vaccination program	**442**	-
	2,912	593

Under the National Partnership Agreement (NPA) funding for the COVID-19 response is funded 50% by the Commonwealth and 50% by the State Government. Only expenditure that meets the definitions outlined in the NPA qualifies for reimbursement. Total COVID-19 response funding received by South West HHS during the 2020-21 financial year was $2.383 million (2019-20: $0.517 million). Funding for the COVID-19 vaccination program is currently funded 100% by the State Government. Total COVID-19 vaccination program funding received by South West HHS during the 2020-21 financial year was $1 million (2019-20: $0). Unspent funding related to the COVID-19 vaccination program has been rolled over to the 2021-22 financial year.

Based on external valuations undertaken for South West HHS' land and building portfolios, no significant changes to valuation of assets in the 2019-20 and 2020-21 financial years was experienced as result of the COVID-19 pandemic.

Note 2. User charges

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Sale of goods and services	**3,596**	2,435
Pharmaceutical Benefit Scheme	**272**	298
Hospital fees	**7,658**	7,760
	11,526	10,493

Significant accounting policies

Revenue in this category primarily consists of hospital fees, reimbursements of pharmaceutical benefits, charges for private patients and private practice fees.

Revenue is recognised in accordance with under AASB 15 *Revenue from Contracts with Customers*, at a point in time when South West HHS transfers control over a good or service to the customer, when performance obligations are satisfied and measured at the amount of the transaction price allocated to the performance obligation.

Note 3. Public health services funding

	2021 $'000	2020 $'000
Block funding	**96,814**	92,536
Depreciation funding	**11,404**	7,648
General purpose funding	**49,645**	39,885
	157,863	140,069

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 of Health is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue on receipt as the majority of South West HHS' funding is block and not linked to sufficiently specific performance obligations.

At the end of the financial year, an agreed technical adjustment between the Department of Health and South West HHS may be required based on services level achieved, which may result in a receivable or payable to the Department of Health. This technical adjustment process is undertaken annually according to the provisions of the service level agreement and ensures that the revenue recognised in each financial year correctly reflects South West HHS' delivery of health services.

Revenue is recognised on receipt of funds under AASB 1058 *Income of Not-for-Profit Entities* where the Service Agreement, is not enforceable and does not include sufficiently specific performance obligations. This includes block, depreciation and the majority of other general purpose funding. Where the Service Agreement is enforceable contains sufficiently specific performance obligations, and South West HHS transfer goods and services, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers,* with revenue initially deferred and recognised as revenue when the performance obligations are satisfied.

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 non-cash revenue. This is achieved monthly 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 with sufficiently specific performance obligations at 30 June 2021 for deferral under *AASB 15 Revenue from Contracts with Customers.*

Note 4. Grants and other contributions

	2021 $'000	2020 $'000
Australian Government - Nursing home grants	**4,840**	4,638
Australian Government - Home and community care grants	**1,487**	1,349
Australian Government - Specific purpose	**421**	430
Donations	**2**	72
Other grants	**705**	671
Services received at below fair value	**1,626**	1,592
	9,081	8,752

Significant accounting policies

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

Grants are recognised on receipt of funds under AASB 1058 *Income of Not-for-Profit Entities* where agreements are not enforceable and do not include sufficiently specific performance obligations. Where agreements are enforceable and contain sufficiently specific performance obligations, and South West HHS transfer goods and services, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*, with revenue initially deferred and recognised as revenue when the performance obligations are satisfied.

South West HHS does not have any grants with sufficiently specific obligations at 30 June 2021 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

	2021 $'000	2020 $'000
Recoveries	**512**	411
Other	**70**	153
	582	564

Note 6. Employee expenses

	2021 $'000	2020 $'000
Employee benefits		
Wages and salaries	**10,698**	10,934
Annual leave levy	**622**	643
Employer superannuation contributions	**679**	682
Long service leave levy	**250**	257
Employee related expenses		
Workers compensation premium	**5**	5
Other employee related expenses	**341**	208
	12,595	12,729

	2021 Staff No.	2020 Staff No.
Number of employees	**26.0**	28.6

The number of employees includes full-time employees and part-time employees measured on a standard full time equivalent (FTE) basis at 30 June 2021.

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 HHS.

Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As 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.

Recoveries of Employee Expenses

Payments received for South West HHS employees working for other agencies or on secondment are offset against wages and salaries expenses to ensure the reported expenses reflect the actual wages and salaries incurred for employees working for the agency in that financial year.

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. For defined contribution plans, contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

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

	2021 $'000	2020 $'000
Department of Health	**89,407**	88,026
	89,407	88,026

The Hospital and Health Service through service arrangements with the Department of Health has engaged 722 (2020: 754) standard FTE at 30 June 2021. As well as direct payments to the Department, premium payments made to WorkCover Queensland representing compensation obligations of 2021: $0.440 million (2020: $0.562 million) and other employee expenses (including training) of $0.618 million (2020: $0.552 million) are included in this category.

Pandemic leave

An additional 2 days of leave was granted to all non-executive employees of the Department of Health and HHS's in November 2020 based on set eligibility criteria as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave must be taken within 2 years or eligibility is lost. The entire value of the leave for Health service employees amounting to $0.504 million was paid by South West HHS to the Department of Health in advance. The leave is expensed in the period in which it is taken, and the remaining balance treated as a prepayment to the Department of Health.

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. South West HHS' responsible Minister is identified as part of South West HHS' key management personnel, consistent with additional guidance included in *AASB 124 Related Parties Disclosures*. The responsible Minister for the year ended 30 June 2021 being the Minister for Health and Ambulance Services was Hon Dr Steven Miles from 1 July 2020 to 11 November 2020 and Hon Yvette D'Ath from 12 November 2020 to 30 June 2021.

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:

Short-term employee benefits

Base salary, allowances and leave entitlements expensed for the period during which the employee occupied the specified position.

+

Non-monetary benefits including of the provision of motor vehicles and housing and fringe benefit taxes applicable to other benefits.

Long-term employee benefits

Long term employee benefits including long service leave accrued.

+

Post-employment benefits including superannuation benefits.

+

Termination benefits. Employment contracts only provide for notice periods or payment in lieu on termination, regardless of the reason for termination.

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)

Responsible for leadership of the workforce functions including recruitment, workplace relations, learning and development, work health and safety, workforce culture and capability and workforce planning across the Hospital and Health Service.

Executive Director, Primary and Community Care (EDPCC)

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.

Executive Director Allied Health (EDAH) (formerly Allied Health Professional Lead (AHPL))

The Executive Director Allied Health 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.

Note 8. Key management personnel disclosures (continued)

Director of Aboriginal and Torres Strait Islander Health and Engagement (DATSIHE) (formerly Senior Indigenous Health Coordinator (SIHC))

The Director of Aboriginal and Torres Strait Islander Health and Engagement 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.

Remuneration expenses

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses, including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- performance payments recognised as an expense during the year; and
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

No KMP remuneration packages provide for performance or bonus payments.

Transactions with people/entities related to KMP

Two entities that are controlled by related parties of KMP provided services to South West HHS during the year ended 30 June 2021. The nature of the services provided included servicing of motor vehicles and mowers and supply of gas to various South West HHS facilities. All transactions during the year ended 30 June 2021 between South West HHS and key management personnel, including their related parties and related entities, were in accordance with standard processes and on standard commercial terms and conditions.

Note 8. Key management personnel disclosure (continued) 30 June 2021		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**
Health Service Chief Executive (HSCE)							
Linda Patat	29 July 2019 to 31 July 2020	41	1	1	3	0	**46**
Samantha Edmonds (Acting)	1 August 2020 to 23 August 2020	18	1	0	2	0	**21**
Matthew Boyd (Acting)	24 August 2020 to 25 April 2021	152	7	3	12	0	**174**
Craig Carey (Acting)	From 26 April 2021	46	4	1	4	0	**55**
Executive Director Finance, Infrastructure & Corporate Services (EDFICS)							
Samantha Edmonds	From 7 Jan 2019	182	13	4	17	0	**216**
Executive Director, Medical Services and Clinical Governance (EDMSCG)							
Dr Ross Duncan (Acting)	21 December 2019 to 17 November 2020	193	0	4	14	0	**211**
Dr Arnel Polong (Acting)	18 November 2020 to 15 January 2021	91	2	0	0	0	**93**
Dr Debra Tennett	From 18 January 2021	203	12	4	13	0	**232**
Executive Director Nursing & Midwifery (EDNMS)							
Chris Small	From 20 January 2020	173	0	3	16	0	**192**
Matthew Boyd (Acting)	8 June 2020 to 23 August 2020	35	2	1	3	0	**41**
Director Organisational Development (DOD)							
Chris Neilsen (Acting)	From 7 December 2020	82	6	2	9	0	**99**
Executive Director, Primary and Community Care							
Rebecca Greenway (Acting)	From 18 May 2020	193	10	4	17	0	**224**
Executive Director Allied Health (EDAH) (formerly Allied Health Professional Lead (AHPL))							
Helen Wassman	From 9 December 2019	175	9	4	18	0	**206**
Director of Aboriginal and Torres Strait Islander Health and Engagement (DATSIHE) (formerly Senior Indigenous Health Coordinator (SIHC))							
Rodney Landers [1]	From 4 October 2019	128	0	2	12	0	**142**
Executive Director, Strategy Performance & Governance (EDSPG)							
Vacant							

[1] Rodney Landers was appointed Acting Director of Aboriginal and Torres Strait Islander Health and Engagement from 19 March 2021.

Note 8. Key management personnel disclosure (continued) 30 June 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**
Health Service Chief Executive (HSCE)							
Linda Patat	From 30 Oct 2017	312	8	7	27	0	**354**
Samantha Edmonds (Acting)	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 (Acting)	27 December 2019 to 27 January 2020	15	0	0	2	0	**17**
Executive Director, Medical Services and Clinical Governance (EDMSCG)							
Dr Tim Smart	17 September 2018 to 13 December 2019	253	11	6	17	0	**287**
Dr Ross Duncan (Acting)	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 (Acting)	27 May 2019 to 19 January 2020 30 March 2020 to 7 June 2020	165	10	3	14	0	**192**
Matthew Boyd (Acting)	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 (Acting)	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 (Acting)	22 October 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 (Acting)	28 January 2020 to 5 June 2020	62	2	1	6	0	**71**
Rebecca Greenway (Acting)	19 December 2019 to 31 January 2020 From 18 May 2020	45	0	1	4	0	**49**

Note 8. Key management personnel disclosure (continued) 30 June 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 (Acting)	5 August 2019 to 19 January 2020	93	0	1	3	0	**97**
Karen Waite (Acting)	9 December 2019 to 28 February 2020	45	0	1	4	4	**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)

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 the Premier and Cabinet.

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

30 June 2021			Short-term benefits			
Appointee	Role	Term	Monetary expenses* ($'000)	Non-monetary expenses ($'000)	Post-employment expenses ($'000)	Total ($'000)
Ms Karen Tully	Chairperson	18 May 2020 – 17 May 2024	70	0	6	**76**
Ms Claire Alexander	Board member	26 June 2015 - 17 May 2024	42	0	4	**46**
Ms Fiona Gaske [1]	Board member	18 May 2014 - 17 May 2021	22	0	2	**24**
Mr Ray Chandler	Board member	18 May 2017 - 31 March 2022	41	0	4	**45**
Ms Jan Chambers [2]	Board member	18 May 2019 – 31 March 2022	43	0	4	**47**
Dr Mark Waters	Board member	18 May 2020 - 31 March 2024	39	0	4	**43**
Ms Kerry Crumblin	Board member	18 May 2020 - 31 March 2024	41	0	4	**45**

* Monetary expenses include travel reimbursement.

[1] Fiona Gaske took a leave of absence when running for the state election

[2] Jan Chamber was appointed South West HHS Acting Board Chair for the period 18 May 2021 to 10 June 2021 during finalisation of the Queensland Government Gazette to extend Karen Tully's appointment as Chairperson to 17 May 2024

Mr Bruce Scott OAM and Brigadier (retired) Christopher Hamilton were appointed to the South West HHS Board on 10 June 2021 for a term to and including 31 March 2024. No remuneration was paid to Mr Scott and Brigadier Hamilton for the reporting period to 30 June 2021.

30 June 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	0	6	**77**
Ms Karen Tully	Deputy Chair	18 May 2017 - 17 May 2020 (Chair from 18th May 2020)	47	0	4	**51**
Ms Claire Alexander	Board member	26 June 2015 - 17 May 2021	41	0	4	**45**
Dr John Scott	Board member	18 May 2014 - 17 May 2020	38	0	3	**41**
Ms Fiona Gaske	Board member	18 May 2014 - 17 May 2021	38	0	3	**41**
Mr Ray Chandler	Board member	18 May 2017 - 31 March 2022	41	0	4	**45**
Mr Stewart Gordon	Board member	18 May 2017 - 17 May 2020	39	0	3	**42**
Ms Jan Chambers	Board member	18 May 2019 – 31 March 2022	42	0	4	**46**
Dr Mark Waters	Board member	18 May 2020 – 31 March 2024	3	0	1	**4**
Ms Kerry Crumblin	Board member	18 May 2020 – 31 March 2024	3	0	1	**4**

* Monetary expenses include travel reimbursement.

Note 9. Supplies and services

	2021 $'000	2020 $'000
Building services	**1,287**	1,093
Catering and domestic supplies	**1,291**	1,315
Clinical supplies and services	**8,381**	6,632
Communications	**1,898**	1,934
Computer services	**2,484**	2,011
Consultants and contractors	**11,595**	11,705
Electricity and other energy	**2,084**	2,438
Minor works including plant and equipment	**2,505**	652
Motor vehicles	**175**	179
Rental expenses	**1,274**	1,412
Other travel	**2,563**	2,549
Pharmaceutical supplies	**907**	923
Pathology, blood and parts	**2,395**	2,045
Patient transport	**3,810**	3,459
Patient travel	**2,701**	2,578
Repairs and maintenance	**4,117**	2,302
Other	**4,169**	3,498
	53,636	46,725

Significant accounting policies

For a transaction to be classified as supplies and services, the value of goods or services received by South West HHS must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note 4.

Rental expenses include lease rentals for short term leases, lease of low value assets and/or variable lease payments.

Note 10. Other expenses

	2021 $'000	2020 $'000
Advertising	**191**	116
Audit fees	**296**	346
Funding Expenses HHS	**1,944**	376
Insurance - QGIF	**778**	784
Insurance - Other	**83**	57
Interest on Lease Liabilities	**22**	19
Inventory written off	**84**	96
Losses from the disposal of non-current assets	**343**	26
Legal costs	**86**	12
Other	**745**	275
Services received free of charge	**1,626**	1,592
Special payments - ex-gratia payments	**-**	1
	6,198	3,700

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 2002-21 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. In 2020-21, ex-gratia payments of $882 (2020: $187) were made.

Total external audit fees payable to the Queensland Audit Office relating to the 2020-21 financial year were $153,750 (2020: $175,000) including out of pocket expenses. There are no non-audit services included in this amount.

Note 10. Other expenses (continued)

South West HHS outsources its Internal Audit function to an external agency. Internal audit fees for 2020-21 were $158,299 (2020: $171,123).

Funding expenses HHS reflects the portion of the funding received under the service agreement to be repaid to the Department of Health.

Note 11. Cash and cash equivalents

	2021 $'000	2020 $'000
Imprest accounts	7	6
Cash at bank	18,697	14,905
QTC cash funds*	3,429	2,651
	22,133	17,562

*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 0.51% to 1.04% (2020: 0.86% to 2.16%).

Debt facility

South West HHS has access to a $2 million debt facility approved by Queensland Treasury which was fully undrawn at 30 June 2021 (2020: $2 million debt facility, fully undrawn).

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 debt facility.

Note 12. Receivables

	2021 $'000	2020 $'000
Trade debtors	1,345	1,009
Payroll receivables	11	11
Loss allowance	(102)	(151)
	1,254	869
GST receivables	748	267
GST payable	(10)	(7)
	738	260
Public health services funding	1,927	1,189
Other	654	189
	4,573	2,507

The closing balance of receivables arising from contracts with customers at 30 June 2021 is $1.050 million (2020: $0.888 million).

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.

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact South West HHS, along with relevant industry and statistical data where applicable.

Note 12. Receivables (continued)

Movement in the allowance for impairment

	2021 $'000	2020 $'000
Opening balance	151	89
Amounts written off during the year	(62)	(50)
Amounts recovered during the year	-	-
Increase in allowance recognised in operating result	13	112
Closing balance	102	151

Note 13. Property, plant and equipment

Balances and reconciliations of carrying amount

2021	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	126	3,873	481	296,431	23,638	8,609	333,158
Less: Accumulated depreciation	-	-	(68)	(88,551)	(11,576)	-	(100,195)
Carrying amount at 30 June 2021	**126**	**3,873**	**413**	**207,880**	**12,062**	**8,609**	**232,963**
Represented by movements in carrying amount:							
Carrying amount at 1 July 2021	145	3,975	432	136,541	7,980	2,276	151,349
Acquisitions	-	-	-	32	2,672	7,746	10,450
Disposals	-	-	-	(17)	(327)	-	(344)
Revaluation increments/(decrements)	(19)	(102)	2	(3,817)	-	-	(3,936)
Transfers in from Department of Health	-	-	-	83,122	3,302	-	86,424
Transfers between classes	-	-	-	962	451	(1,413)	-
Depreciation expense	-	-	(21)	(8,943)	(2,016)	-	(10,980)
Carrying amount at 30 June 2021	**126**	**3,873**	**413**	**207,880**	**12,062**	**8,609**	**232,963**

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
Acquisitions	-	-	-	-	910	2,827	3,737
Disposals	-	-	-	-	(26)	-	(26)
Revaluation increments/(decrements)	-	-	13	1,070	-	-	1,083
Transfers in from Department of Health	-	-	-	-	37	-	37
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

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 preparing the assets 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 2020-21 the value of these injections was $7.598 million (2020: $3.068 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 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

Use of specific appraisals

Revaluations using independent professional valuers or internal expert appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

The fair values reported by South West HHS are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Use of indices

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept current via the application of relevant indices. South West HHS ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. Independent professional valuers or internal expert appraisers supply the indices used for the various types of assets. Such indices are either publicly available or are derived from market information available to valuers or appraisers. Valuers or appraisers provide assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by valuers or appraisers based on South West HHS' own particular circumstances.

Note 13. Property, plant and equipment (continued)

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.

Observable inputs 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. 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.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Fair value hierarchy

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

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

Level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3: represents fair value measurements that are substantially derived from unobservable inputs

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.

Revaluation of property measured at fair value

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

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

Accounting for changes in fair value

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

For assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. 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'.

Note 13. Property, plant and equipment (continued)

Impact from valuation program

Land

Indices obtained from the State Valuation Service were applied to land valuations as at 30 June 2021 resulting in a further revaluation decrement to South West HHS's land portfolio as at 30 June 2021 of $0.121 million which was recognised in the revaluation decrement line in the Statement of Comprehensive Income.

Buildings
South West HHS has completed the third year of a five-year rolling building revaluation program (2018-19 to 2022-23). During 2021 thirty-one material buildings/site improvements located in the Roma and Charleville regions were comprehensively revalued. Interim indices were applied to the balance of buildings to approximate market growth in construction pricing.

This revaluation resulted in a decrement of $3.815 million as at 30 June 2021 (2020: increment of $1.083 million) to the carrying amount of buildings which was recognised in other comprehensive income in the Statement of Comprehensive Income.

Other matters

Write off plant and equipment – Roma Hospital Redevelopment
During the reporting period ended 30 June 2021, $0.292 million in plant and equipment was written off as part of the Roma Hospital Redevelopment.

Depreciation

Depreciation (representing a consumption of an asset over time) is calculated on a straight-line basis (equal amount of depreciation charged each year) as that is consistent with the even consumption of service potential of these assets over their useful life to South West HHS. 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. These assets are then reclassified to the relevant class within property, plant and equipment.

Any expenditure that increase the originally assessed capacity of service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

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

Class	Depreciation Rates
Building and improvements	0.69% - 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 an impairment loss.

Recognising impairment losses

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the revaluation surplus of the relevant class to the extent available. Where no revaluation surplus is available in respect of the class of asset, the loss is expensed in the statement of comprehensive income as a revaluation decrement.

For assets measured at cost, an impairment loss is recognised immediately in the statement of comprehensive income.

Reversal of impartment losses

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

For assets measured at fair value, to the extent the original decrease was expensed through the statement of comprehensive income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through revaluation surplus.

For assets measured at cost, impairment losses are reversed through income.

Note 14. Payables

	2021 $'000	2020 $'000
Trade creditors	**10,689**	5,998
Accrued health service labour - Department of Health	**759**	3,604
Other payables	**3,230**	2,775
	14,678	12,377

Significant accounting policies

Trade creditors 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 30-45 days.

Note 15. Other liabilities

	2021 $'000	2020 $'000
Funding for public health services to be returned	**1,944**	376
Unearned revenue	**92**	3
Contract liabilities	**-**	21
	2,036	400

Significant accounting policies

Funding for public health services to be returned reflects the portion of the funding received under the service agreement to be repaid to the Department of Health.

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

Leases as a lessee

Right-of-use assets

2021	Buildings $'000	Total $'000
Gross value	1,412	1,412
Less: Accumulated amortisation	(302)	(302)
Carrying amount at 30 June 2021	**1,110**	**1,110**
Represented by movements in carrying amount:		
Carrying amount at 1 July 2020	1,053	1,053
Additions	480	480
Amortisation expense	(423)	(423)
Carrying amount at 30 June 2021	**1,110**	**1,110**

2020	Buildings $'000	Total $'000
Gross value	1,437	1,437
Less: Accumulated amortisation	(384)	(384)
Carrying amount at 30 June 2020	**1,053**	**1,053**
Represented by movements in carrying amount:		
Carrying amount at 1 July 2019	810	810
Additions	627	627
Amortisation expense	(384)	(384)
Carrying amount at 30 June 2020	**1,053**	**1,053**

	2021 $'000	2020 $'000
Current		
Lease liabilities	**203**	269
	203	269
Non-Current		
Lease liabilities	**915**	755
	915	755
	1,118	1,024

	2021 $'000	2020 $'000
Lease liability commitments		
within 1 year	**203**	269
1 year to 5 years	**397**	206
more than 5 years	**518**	549
	1,118	1,024

During the reporting period ended 30 June 2021 amortisation expense on right of use assets $423,204 (2020: $384,489) and interest recognised on lease liabilities was $22,032 (2020: $19,144) (Refer to Note 10 - Other expenses).

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

Significant accounting policies

Right-of-use assets

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

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

Right-of-use assets are subsequently amortised over the lease term and be subject to impairment testing on an annual basis.

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

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 lease and non-lease components such as asset maintenance services, the HHS allocates the contractual payments to each component based on their stand-alone prices.

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

When measuring the lease liability, South West HHS 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.

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

Disclosures – Leases as lessee

(i) Details of leasing arrangements as lessee

The HHS routinely enters 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 the Statement of Financial Position 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 HHS 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 Energy and Public Works (DEPW) 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 DEPW has substantive substitution rights over the assets.

Note 17. Asset revaluation surplus by class

2021	Buildings $'000	Total $'000
Carrying amount at 1 July 2020	71,601	71,601
Asset revaluation decrement	(3,815)	(3,815)
Carrying amount at 30 June 2021	**67,786**	**67,786**

2020	Buildings $'000	Total $'000
Carrying amount at 1 July 2019	70,518	70,518
Asset revaluation increment	1,083	1,083
Carrying amount at 30 June 2020	71,601	71,601

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

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

	2021 $'000	2020 $'000
(Deficit)/Surplus for the year	**5,692**	997
Adjustments for:		
Depreciation and amortisation	**11,403**	7,701
Depreciation funding	**(11,404)**	(7,648)
Services received free of charge	**1,626**	1,592
Services received below fair value	**(1,626)**	(1,592)
Revaluation decrement	**121**	-
Net (gain)/loss on disposal of non-current assets	**343**	26
Reversal of impairment loss receivables	**(8)**	(109)
Other income		
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	**(1,588)**	(68)
(Increase)/Decrease in GST receivables	**(484)**	(3)
(Increase)/Decrease in inventories	**(270)**	(477)
(Increase)/Decrease in contract assets	**-**	(1,035)
Increase/(Decrease) in accounts payable	**5,146**	198
Increase/(Decrease) in accrued contract labour	**(2,856)**	785
Increase/(Decrease) in GST payable	**6**	(39)
Increase/(Decrease) in contract liabilities and unearned revenue	**68**	24
Increase/(Decrease) in funding payable	**1,568**	376
Net cash from operating activities	**7,737**	728

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	2021 $'000	2020 $'000
Financial assets measured at amortised cost:			
Cash and cash equivalents	11	**22,133**	17,562
Receivables	12	**3,919**	2,318
Total financial assets		**26,052**	19,880
Financial liabilities measured at amortised cost:			
Payables	14	**14,678**	12,377
Other liabilities	15	**1,944**	376
Lease liabilities	16	**1,118**	1,024
Total financial liabilities		**17,740**	13,777

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 Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the HHS' debtors, along with relevant industry and statistical data where applicable. 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 categories 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 2021					
Receivables	3,461	188	146	226	4,021
Allowance for impairment	(6)	(9)	(3)	(84)	(102)
Carrying amount	**3,455**	**179**	**143**	**142**	**3,919**
2021 Loss rate %					**2.54**
Financial assets 2020					
Receivables	2,003	164	63	240	2,470
Allowance for impairment	(1)	(3)	(3)	(145)	(152)
Carrying amount	2,002	161	60	95	2,318
2020 Loss rate %					6.15

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 always available to meet employee and supplier obligations. 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 2021 (refer note 11).

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 2021, the following cases were filed in the courts naming the State of Queensland acting through the South West Hospital and Health Service as defendant:

	2021 No. of cases	2020 No. of cases
Federal Court	-	-
Supreme Court	2	-
District Court	-	1
Tribunals, commissions and boards	5	7
	7	8

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 2021, South West HHS has 5 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 2021 South West HHS had commenced capital projects with outstanding commitments of $1.551 million (2020: $0.365 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 2021-22 financial year.

South West HHS leases commercial and residential property from the Department of Energy and Public Works to an annual value of $598,247 on an ongoing basis (2020: $637,506).

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 in the QTC cash accounts line item in Note 11 however are refunded to residents when they leave the facility. The refundable deposits liability is included in the other liabilities line item in Note 14. At 30 June 2021 amounts of $3.429 million (2020: $2.651 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 2021 was $37,777 (2020: $58,303).

Note 23. Fiduciary trust transactions and balances

	2021 $'000	2020 $'000
Patient trust assets opening balance 1 July 2020	**140**	150
Receipts		
Patient trust receipts	**1,266**	1,137
Total receipts	**1,266**	1,137
Payments		
Patient trust related payments	**1,256**	1,147
Total payments	**1,256**	1,147
Increase/(decrease) in net patient trust assets	**10**	(10)
Patient trust assets closing balance 30 June 2021	**150**	140
Patient trust assets		
Current assets		
Cash at bank and on hand	**150**	140
Total current assets	**150**	140

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 three founding members along with North West Hospital and Health Service (North West HHS) and Central West Hospital and Health Service (Central West HHS), each holding one voting right in the company and the entitlement to appoint one Director to the Board of the company. Since formation, 12 additional members have been added to the WQ PPC membership. The principal place of business of WQ PCC is Mount Isa, Queensland.

On 12 January 2018 the Constitution of WQPCC was amended to allow the transition from a public-sector entity to a non-public sector entity to meet the requirements of the WQPCC funding agreement with the Commonwealth. At this time the Queensland Audit Office were consulted and agreed to the amendment of the Constitution to remove the Auditor-General from auditing WQPCC.

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 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 South West HHS budget included as part of the December 2020 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

Explanations of major variances

Statement of Comprehensive Income

a) The $1.72 million (17%) increase in user charges is mainly due to $2.11 million in project recoveries.

b) The $8.81 million (6%) increase in public health services funding is mainly due to additional funding received through amendment window variations that were not anticipated in advance of the original budget. South West HHS received $2.470 million unbudgeted funding under the NPA in relation to the COVID-19 response.

c) The $2.02 million (29%) increase in grants and other contributions is mainly due to an unbudgeted $1.63 million for services received below fair value.

d) The $0.40 million (3%) decrease in employee expenses is due to Executive Director positions remaining vacant throughout the financial year.

e) The $0.42 million (0%) increase in health service employee expenses is due to $0.55 million of additional payments under enterprise bargaining agreements.

f) The $0.91 million (2%) increase in supplies and services primarily relates to refresh of furniture and fittings across South West HHS.

g) The $0.78 million (7%) increase in depreciation and amortisation is due to the transfer of the New Roma Hospital assets from the Department of Health to South West HHS.

h) The $0.12 million decrease is due to unbudgeted revaluation decrements resulting from the 2020-21 land revaluation program.

i) The $5.25 million (551%) increase in other expenses is mainly due to an unbudgeted $1.63 million for services received below fair value, unbudgeted $1.94 million funding expenses as a result of technical funding adjustments for program rollovers, unbudgeted $0.43 million for asset write-downs, loss on disposal of assets and stock adjustments and unbudgeted $0.60 million for returned grant funding.

j) The $3.82 million decrease is due to unbudgeted revaluation decrements resulting from the 2020-21 building revaluation program.

Note 26. Related Party Transactions

	2021 $'000	2020 $'000
Entity - Department of Health		
Revenue	**125,167**	111,859
Expenditure	**103,348**	99,752
Asset	**2,092**	387
Liability	**7,532**	4,678
Entity - Department of Energy & Public Works		
QBuild project expenditure	**6,929**	1,188
Expenditure	**1,535**	1,620
Liability	**328**	(1)

Transactions with people/entities related to Key Management Personnel

See Note 8 for key management personnel disclosure for South West HHS.

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 722 (2020: 754) full time equivalent persons. In 2021, $89.407 million (2020: $88.026 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, patient transport, telecommunications and technology services. These services are provided on a cost recovery basis. In 2021, these services totalled $11.997 million (2020: $$11.350 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 2021 totalled $1.626 million (2020: $1.592 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 Energy and Public Works

South West HHS pays rent to the DEPW for several properties used for employee accommodation, offices etc. In addition, the DEPW provides vehicle fleet management services (Qfleet) to South West HHS as outlined in Note 9. South West HHS also engages QBuild for significant capital projects.

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.

Note 26. Related Party Transactions (continued)

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 2020-21 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 $54,138 (2020: $46,746) for the delivery of physiotherapy services, 51,000 (2020: $Nil) for the provision of the Health Care Home program and $300,000 (2020: $300,000) for the provision of the Healthy Ageing program. There was $4,840 (2020: $7,282) in amounts receivable and nil payable (2020: nil) in relation to these agreements at 30 June 2021.

South West HHS has joint operational control of Southern Queensland Rural Health (SQRH), in collaboration with University of Queensland (UQ), University of Southern Queensland (USQ), and Darling Downs Hospital and Health Service (DDHHS). South West HHS offers placement opportunities for SQRH students across South West HHS facilities.

Note 27. Events after the balance date

There are no significant matters or circumstances that have arisen since 30 June 2021 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.

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 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of South West Hospital and Health Service for the financial year ended 30 June 2021 and of the financial position of South West 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
24/8/21

Craig Carey
A/Health Service Chief Executive
24/8/2021

Samantha Edmonds
Executive Director, Finance, Infrastructure and Corporate Services
24/8/21

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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 2021, 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 2021, 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 (including Independence Standards)* (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 ($207.8 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 2021 South West Hospital and Health Service performed a comprehensive revaluation of 31 material 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. • Reviewing the accounting of the transfer of the Roma hospital building from the Department of Health including depreciation impact and derecognition of assets relating to the disposal and demolition of old Roma hospital.

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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 2021:

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

C G Strickland
as delegate of the Auditor-General

27 August 2021
Queensland Audit Office
Brisbane

ANNUAL REPORT 2020–2021
South West Hospital and Health Service
www.southwest.health.qld.gov.au