

Financial statements

Gold Coast Hospital and Health Service Financial Statements - 30 June 2022

General information

Gold Coast Hospital and Health Service ("Gold Coast Health") is a government statutory body established under the *Hospital and Health Boards Act 2011* and its registered trading name is Gold Coast Hospital and Health Service.

The head office and principal place of business of Gold Coast Health is

Gold Coast University Hospital
1 Hospital Boulevard
Southport QLD 4215

A description of the nature of Gold Coast Health's operations and its principal activities is included in the annual report.

For information in relation to Gold Coast Health, please visit the website www.goldcoast.health.qld.gov.au

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Section 1: Basis of financial statement preparation

These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 The reporting entity

Gold Coast Health is established under the *Hospital and Health Boards Act 2011*. Gold Coast Health is an independent statutory body and a reporting entity, which is domiciled in Australia. Accountable to the Minister for Health and to the Queensland Parliament, it is primarily responsible for providing quality and safe public hospital and health services and for the direct management of the facilities within the Gold Coast region. The ultimate parent entity is the State of Queensland.

The financial statements are authorised for issue by the Board Chair and Chief Executive at the date of signing the management certificate.

1.2 Statement of compliance

Gold Coast Health has prepared these financial statements in compliance with the relevant sections of the *Financial and Performance Management Standard 2019 (QLD)* and other prescribed requirements. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the period beginning on or after 1 July 2021, and other authoritative pronouncements.

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

Except where stated, the historical cost convention is used.

1.3 Presentation

Amounts in this report are in Australian dollars and have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

There were no material restatements of the comparative information. Immaterial reclassifications have occurred to ensure consistency with current period disclosures. AASB 1059 *Service Concession Arrangements: Grantors* has been reflected in the statements for financial year 2021-22, with comparative information for 2020-2021 also shown. Refer note 2.14 Public private partnerships.

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 there is no unconditional right to defer settlement to beyond 12 months after the reporting date.

1.4 Basis of preparation

Gold Coast Health has prepared these financial statements on a going concern basis, which assumes that Gold Coast Health will be able to meet the payment terms of its financial obligations as and when they fall due. Gold Coast Health is economically dependent on funding received from its Service Agreement with the Department of Health ("the Department").

A Service Agreement Framework is in place to provide Gold Coast Health with a level of guidance regarding funding commitments and purchase activity for 2022-2023 to 2024-2025. The Board and management believe that the terms and conditions of its funding arrangements under the Service Agreement Framework will provide Gold Coast Health with sufficient cash resources to meet its financial obligations for at least the next year.

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

1.5 Critical accounting estimates

The preparation of the financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amount of assets and liabilities.

Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect on the financial statements are:

- Property, plant, and equipment useful lives assessment as part of depreciation and amortisation calculations – refer Note 2.7
- Land and building valuation assessment – Note 2.13

1.6 Taxation

Gold Coast Health 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). All Queensland Hospital and Health Services and the Department are grouped for the purposes of Section 149-25 A *New Tax System (Goods and Services Tax) Act 1999*.

All transactions made between the entities in the tax group do not attract GST, and all transactions external to the group are required to be accounted for GST where applicable. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised.

Section 2: Financial Statements and Related Notes

Gold Coast Hospital and Health Service
Statement of comprehensive income
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Funding for public health services	2.1	1,842,785	1,649,494
User charges and fees	2.2	137,244	125,736
Grants and other contributions	2.3	14,512	17,426
Other revenue	2.4	18,308	16,943
Total revenue		<u>2,012,849</u>	<u>1,809,599</u>
Gain on disposal/revaluation of assets		727	369
Total income		<u>2,013,576</u>	<u>1,809,968</u>
Expenses			
Employee expenses	2.5	(208,708)	(193,719)
Health service employee expenses	2.5	(1,113,749)	(1,036,105)
Supplies and services	2.6	(551,631)	(466,361)
Depreciation and amortisation	2.7	(93,422)	(82,168)
Impairment loss	2.10	(10,768)	(1,785)
Other expenses	2.8	(21,190)	(19,475)
Total expenses		<u>(1,999,468)</u>	<u>(1,799,613)</u>
Operating result for the year		<u>14,108</u>	<u>10,355</u>
Other comprehensive income			
<i>Items that will not be reclassified to operating result:</i>			
- Increase/(Decrease) in revaluation surplus	2.13b	108,226	(25,246)
Total other comprehensive income		<u>108,226</u>	<u>(25,246)</u>
Total comprehensive income		<u>122,334</u>	<u>(14,891)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Gold Coast Hospital and Health Service
Statement of financial position
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	2.9	141,586	128,380
Receivables	2.10	11,754	11,378
Inventories	2.11	15,613	12,673
Other assets	2.12	40,115	31,820
Total current assets		<u>209,068</u>	<u>184,251</u>
Non-current assets			
Property, plant and equipment	2.13a	1,649,798	1,600,947
Intangible assets		47	100
Service concession assets	2.14	57,721	56,596
Total non-current assets		<u>1,707,566</u>	<u>1,657,643</u>
Total assets		<u>1,916,634</u>	<u>1,841,894</u>
Current liabilities			
Payables	2.16	148,135	126,763
Accrued employee/health service employee benefits	2.17	15,743	12,788
Other liabilities	2.18	18,906	23,986
Total current liabilities		<u>182,784</u>	<u>163,537</u>
Non-current Liabilities			
Other liabilities	2.18	40,211	42,176
Total non-current liabilities		<u>40,211</u>	<u>42,176</u>
Total liabilities		<u>222,995</u>	<u>205,713</u>
Net assets		<u>1,693,639</u>	<u>1,636,181</u>
Equity			
Contributed equity		1,382,870	1,447,747
Accumulated surplus		44,382	30,274
Revaluation surplus	2.13b	266,387	158,161
Total equity		<u>1,693,639</u>	<u>1,636,182</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Gold Coast Hospital and Health Service
Statement of changes in equity
For the year ended 30 June 2022

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total equity \$'000
Balance at 1 July 2020		1,500,417	19,919	183,407	1,703,743
Surplus for the year		-	10,355		10,355
Other comprehensive income for the year					
- (Decrease) in asset revaluation surplus	2.13	-		(25,246)	(25,246)
Total comprehensive income for the year		-	10,355	(25,246)	(14,891)
<i>Transactions with owners as owners:</i>					
Equity injections		21,511	-	-	21,511
Net non-current asset transfers		5,743			5,743
Equity withdrawals (depreciation and amortisation funding)	2.1	(79,924)			(79,924)
Balance at 30 June 2021		1,447,747	30,274	158,161	1,636,182
		Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total equity \$'000
Balance at 1 July 2021		1,447,747	30,274	159,161	1,636,182
Surplus for the year			14,108		14,108
Other comprehensive income for the year					
- Increase in asset revaluation surplus	2.13 2.14			108,226	108,226
Total comprehensive income for the year			14,108	108,226	122,334
<i>Transactions with owners as owners:</i>					
Equity injections		24,672			24,672
Net non-current asset transfers	2.13a	3,873			3,873
Equity withdrawals (depreciation and amortisation funding)	2.1	(93,422)			(93,422)
Balance at 30 June 2022		1,382,870	44,382	266,387	1,693,639

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Coast Hospital and Health Service
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
<i>Inflows</i>			
Funding for public health services		1,742,899	1,574,750
User charges and fees		125,852	117,966
Grants and other contributions		13,666	17,466
GST collected from customers		2,462	2,569
GST input tax credits from Australian Taxation Office		30,761	23,477
Other operating cash inflows		19,318	17,242
<i>Outflows</i>			
Employee expenses		(209,478)	(198,025)
Health service employee expenses		(1,114,356)	(1,021,405)
Supplies and services		(537,883)	(474,725)
GST paid to suppliers		(31,139)	(24,469)
GST remitted to Australian Taxation Office		(2,482)	(2,399)
Other operating cash outflows		(21,033)	(19,391)
Net cash from operating activities	2.9c	<u>18,587</u>	<u>13,056</u>
Cash flows from investing activities			
Payments for property, plant and equipment	2.13	(30,857)	(21,578)
Sale of property, plant and equipment		804	617
Net cash used in investing activities		<u>(30,053)</u>	<u>(20,961)</u>
Cash flows from financing activities			
Equity injections		24,672	16,942
Net cash provided by financing activities		<u>24,672</u>	<u>16,942</u>
Net increase in cash and cash equivalents		13,206	9,037
Cash and cash equivalents – opening balance		128,380	119,343
Cash and cash equivalents – closing balance	2.9	<u><u>141,586</u></u>	<u><u>128,380</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 2.1: Funding for public health services

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Activity based funding	1,386,539	1,254,619
Other public health service revenue		
Non-activity based funding	219,433	212,444
COVID19 funding	143,391	102,507
Depreciation and amortisation funding	93,422	79,924
	<hr/>	<hr/>
Total funding for public health services	<u>1,842,785</u>	<u>1,649,494</u>

Funding for public health services relate to the Service Agreement between the Department and Gold Coast Health.

Accounting policy – revenue from contracts with customers

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Activity based funding (ABF)	ABF is provided according to the type and number of services purchased by the Department, based on a Queensland price for each type of service. ABF funding is received for inpatients, critical care, sub and non-acute, emergency department, mental health and outpatients. The funding from the Department is received in cash fortnightly in advance.	Revenue is recognised based on purchased activity once delivered or as otherwise agreed. Where actual activity exceeds purchased activity, additional funding may be negotiated with the Department and accrued as a contract asset on the Statement of Financial Position where funding has been agreed based on performance obligations being met, but not yet received. Where targets are not met, funding is renegotiated with the Department and may result in a deferral or return of revenue recognised as a contract liability on the Statement of Financial Position. Due to the COVID-19 pandemic, the Commonwealth Government has agreed to provide guaranteed ABF for the 2021-22 financial year under the National Health Reform Agreement (commonly known as a Minimum Funding Guarantee MFG). For the period July 2021 to December 2021, Gold Coast Health met ABF targets. However, for period from January to June 2022, the MFG has been applied to both the state and commonwealth portion of funding, resulting in no financial adjustments for under-delivery during this period against ABF targets.

Accounting policy – other public health service revenue

Non-activity based funding is received for other services Gold Coast Health has agreed to provide per the Service Agreement with the Department. This funding has specific conditions attached that are not related to activity covered by ABF. The funding from the Department is received in cash fortnightly in advance. Funding is recognised as received or accrued where activities under the contract have been performed but cash has not yet been received.

COVID19 funding has been received under the National Partnership Agreement on a reimbursement basis to cover costs associated with the COVID-19 response. More information is available in Section 3.

The service agreement between the Department and Gold Coast Health specifies that the Department funds Gold Coast Health's depreciation and amortisation charges via non-cash revenue drawn from equity. The Department retains the cash to fund future major capital replacements. This transaction is shown in the Statement of Changes in Equity as an equity withdrawal. The revenue is matched to depreciation and amortisation expense.

Note 2.2: User charges and fees

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Hospital fees and related services/goods	41,172	31,047
Pharmaceutical benefits scheme	78,838	74,172
Private practice revenue	3,896	9,466
Other user charges and fees		
Property rental	2,974	2,264
Other goods and services	10,364	8,787
Total user charges and fees	<u>137,244</u>	<u>125,736</u>

Accounting policy – revenue from contracts with customers

Revenue from contracts with customers is recognised when Gold Coast Health transfers control over a good or service to the customer. The following table provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms, and revenue recognition of Gold Coast Health's user charges that are contracts with customers.

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Hospital fees and related services/goods	Hospital fees arise primarily from private patients and patients' ineligible for Medicare. Cash is collected on presentation where possible or invoiced on discharge.	Hospital fees are recognised as revenue when the services/goods have been provided to the customer. Where inpatients have not been discharged and therefore not invoiced, revenue is accrued on the Statement of Financial Position to the extent of services/goods provided. Revenue is recognised net of discounts provided in accordance with approved policies.
Pharmaceutical Benefits Scheme	Reflects recoveries under the Federal government's Pharmaceutical Benefits Scheme. Cash is received in arrears when a claim is lodged electronically of PBS eligible drugs dispensed from hospital pharmacies.	Revenue is recognised when received or accrued where a reliable estimate can be made for drugs dispensed under the scheme, but the cash has not yet been received.
Private practice revenue	Fees generated by billing private patient services performed by doctors with an assignment private practice arrangement, and service fees charged to doctors with a retention private practice arrangement.	These fees are recognised as revenue when service has been completed and the portion of revenue owing to Gold Coast Health can be calculated. See Note 5.5 Granted private practice arrangements.

Accounting policy – Other user charges and fees

Property Rental revenue is recognised as income on a periodic straight-line basis over the lease term. Rental revenue from the Gold Coast Private Hospital co-located on Gold Coast Health land became receivable for the first time in 2021-22.

Other goods and services are provided such as hospital run canteens. Revenue from the sale of these goods and services are recognised on receipt or generation of an invoice.

Note 2.3: Grants and contributions

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Commonwealth grants and contributions	13,852	14,259
Other grants and contributions	31	2,427
Other grants and contributions		
Donations other	7	556
Donations non-current physical assets	622	184
Total grants and contributions	14,512	17,426

Grants, contributions and donations are non-reciprocal transactions where Gold Coast Health does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred and recognised as or when the performance obligations are satisfied.

Otherwise, the grants and contributions are accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt.

Accounting policy – revenue from contracts with customers

Various grants are received from state and commonwealth departments. Grant agreements specify the agreed performance obligations and price for the services to be provided. The funding is recognised progressively as the services are provided. A contract asset is recognised in the Statement of Financial Position where the service has been performed and payment not yet received.

Accounting policy – Other grants and contributions

Donations are recognised on receipt of the donated asset or when entitlement to receive the donated asset arises. Cash donations are banked into a trust fund. Further information on trust monies are disclosed in Note 5.4 Trust transactions and balances.

Accounting policy – Services received below 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. Gold Coast Health receives corporate services support from the Department for no cost. Corporate services received include payroll services and accounts payable services. An approximate value provided by the Department has been disclosed in Note 4.2 Related parties.

Note 2.4: Other revenue

	2022 \$'000	2021 \$'000
Interest	36	55
Minor capital recoveries	5,680	4,433
Health service employee expense recoveries	8,158	8,154
Service concession arrangements	1,965	1,965
Other	2,469	2,336
Total other revenue	18,308	16,943

Refer note 2.5 for explanation of health service employee expense recoveries.

Note 2.5: Employee Expenses and Health service employee expenses

Employee Expenses

	2022 \$'000	2021 \$'000
Employee benefits		
Wages and salaries	157,663	147,544
Annual leave levy/expense	13,560	11,685
Employer superannuation contributions	12,730	12,335
Long service leave levy/expense	4,018	3,761
Termination benefits	320	10
<u>Employee related expenses</u>		
Other employee-related expenses	8,653	8,652
Workers compensation premium	11,764	9,730
Payroll tax	-	2
Total employee expenses	208,708	193,719

Health service employee expenses

	2022 \$'000	2021 \$'000
Health service employee expenses	1,113,749	1,036,105

Full-time equivalent (reflecting Minimum Obligatory Human Resource Information)

	As at 30 June 2022	As at 30 June 2021
Numbers of employees	440	433
Number of health service employees	8,842	8,512
Total full time equivalent	9,282	8,945

Accounting policy – employee expenses

Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. Unpaid entitlements are expected to be paid within 12 months and the liabilities are recognised at their undiscounted values.

Recoveries of salaries and wages costs for Gold Coast Health employees working for other agencies are offset against employee expenses.

Sick Leave

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

Note 2.5: Employee Expenses and Health service employee expenses continued

Annual Leave, Long Service Leave and Other Leave

Gold Coast Health participates in the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme. Under the Annual Leave Central Scheme and Long Service Leave Central Scheme, a levy is made on Gold Coast Health to cover the cost of employee's annual leave (including leave loading and on-costs) and long service leave. 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 Schemes quarterly in arrears.

An additional 2 days of leave was granted to all 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 with 2 years or eligibility is lost. The unused portion at 30 June 2022 relating to employees is provided for in full. The portion relating to health service employees is treated as a pre-payment to the Department of Health. Refer note 2.12 Other Assets.

Superannuation

Employer superannuation contributions are paid to the employees' superannuation fund at rates prescribed by the government. Contributions are expensed in the period in which they are paid or payable. Gold Coast Health's obligation is limited to its contributions. The superannuation schemes have defined benefit and contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Related employee benefit liabilities are disclosed in note 2.16 Payables.

Accounting policy – health service employee expenses

The Director-General, Department of Health, is responsible for setting terms and conditions for employment, including remuneration and classification structures, and for negotiating enterprise agreements.

Recoveries of salaries and wages costs for health service employees working for other agencies are recorded as revenue. Refer note 2.4 Other Revenue.

Note 2.6: Supplies and services

	2022 \$'000	2021 \$'000
Building services	2,607	2,280
Catering and domestic supplies	13,862	12,108
Clinical supplies and services	145,431	139,375
Communications	18,961	18,006
Computer services	20,188	18,551
Consultants	932	119
Contractors and external labour	52,236	21,734
Drugs	100,942	93,762
Expenses relating to capital works	3,269	3,036
Interstate patient expenses	49,240	49,241
Motor vehicles	1,206	1,143
Outsourced service delivery	61,061	47,096
Property and fleet rental	14,365	6,753
Repairs and maintenance	45,183	32,906
Travel - patients	4,379	4,045
Travel - staff	1,656	976
Utilities	11,736	11,547
Other	4,377	3,683
Total supplies and services	551,631	466,361

Supplies and services has increased over the prior year due to provision of additional services related to COVID. Refer to Section 3 for more information.

Accounting policy – distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods and services received by Gold Coast Health must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant.

Note 2.7: Depreciation and amortisation

	2022 \$'000	2021 \$'000
Depreciation – Property, plant and equipment	91,199	79,872
Depreciation – Service concession asset	2,171	2,244
Amortisation – Intangible	52	52
Total depreciation and amortisation	93,422	82,168

Property, plant and equipment and service concession assets are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life. Intangibles are also amortised on a straight-line basis.

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

Assets under construction (work-in-progress) are not depreciated until they are ready for use as intended by management.

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

Note 2.7: Depreciation and amortisation continued

Where assets have separately identifiable components that are subject to regular replacement and these components have useful lives distinct from the asset to which they relate, they are separated into components and depreciated accordingly to the extent the impact on depreciation is material.

The estimated useful lives of assets are reviewed annually and where necessary, are adjusted to better reflect the pattern of future economic benefits. The useful lives could change significantly because of events such as the asset is technically obsolete, or non-strategic assets have been abandoned or sold.

For each class of depreciable asset, the following depreciation and amortisation rates are used:

Class	Depreciation rate range
Building and service concession	1.8% - 7.1%
Plant and equipment	
Computer hardware	10.0% - 20.0%
Engineering	7.1% - 10.0%
Medical equipment	6.3% - 20.0%
Office, furniture and fittings	5.0% - 11.1%
Vehicle	10.0% - 20.0%
Intangible assets	7.7% - 12.5%

Note 2.8: Other expenses

	2022 \$'000	2021 \$'000
Advertising	356	505
Ex-gratia payments	4	34
External audit fees	246	246
Insurance premiums (Queensland Government Insurance Fund)	16,382	15,146
Insurance - other	395	345
Internal audit fees	44	469
Interpreter fees	940	880
Inventory written (on)/off	(16)	400
Legal fees	2,104	1,109
Losses from the disposal of non-current assets	156	85
Other expenses	579	256
Total other expenses	21,190	19,475

Special payments

Ex-gratia payments are special payments that Gold Coast Health is not contractually or legally obligated to make to other parties and include payments to patients and staff for damaged or lost property. In compliance with the *Financial and Performance Management Standard 2019*, Gold Coast Health maintains a register setting out details of all special payments greater than \$5,000. No matters exceeded the \$5,000 threshold in 2021-22 (2020-21: one patient related matter).

External audit fees

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$246,000 (2020-21: \$246,000). There are no non-audit services included in this amount.

Insurance (QGIF)

Gold Coast Health is covered by the Department's insurance policy with the Queensland Government Insurance Fund (QGIF). Gold Coast Health pays a fee to the Department as part of a fee-for-service arrangement.

Note 2.9: Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash on hand	21	22
Cash at bank	134,440	121,016
QTC Cash Fund	7,125	7,342
Total cash	141,586	128,380

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.

a) Restricted Cash

Gold Coast Health receives cash contributions from private practice arrangements (refer to Note 5.5 Granted private practice arrangements) for education, study and research in clinical areas, and from external parties in the form of gifts, donations and bequests for stipulated purposes. This money is retained separately, and payments are only made from the General Trust Fund for the specific purposes upon which contributions were received. The value at 30 June 2022 was \$7.3m (2020-21: \$7.6m).

b) Effective Interest Rate

Cash deposited with the Queensland Treasury Corporation earns interest at a rate of 0.47% per annum (2020-21: 0.61%). No interest is earned on Gold Coast Health bank accounts.

c) Reconciliation of surplus to net cash from operating activities

	2022 \$'000	2021 \$'000
Surplus for the year	14,108	10,355
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	93,422	82,168
Depreciation and amortisation funding	(93,422)	(79,924)
Donated/Contributed assets received	(622)	(184)
Net losses on disposal of property, plant and equipment	156	85
Net gains on disposal of property, plant and equipment	(726)	(369)
Change in operating assets and liabilities:		
(Increase) in receivables	(376)	(1,481)
(Increase) in inventories	(2,940)	(915)
(Increase) in other assets	(8,295)	(11,932)
Increase in payables	21,372	61,552
Increase/(decrease) in other employee benefits	2,955	(37,671)
(Decrease) in other liabilities	(5,080)	(6,663)
(Decrease) in non-current liabilities	(1,965)	(1,965)
Net cash from operating activities	18,587	13,056

Note 2.9: Cash and cash equivalents continued**d) Non-cash investing and financing activities**

Assets and liabilities received or donated/transferred are recognised as revenues or expenses as applicable.

Note 2.10: Receivables

	2022 \$'000	2021 \$'000
Trade debtors	11,379	11,346
Less: Loss allowance	(2,646)	(2,596)
	<u>8,733</u>	<u>8,750</u>
GST receivable	3,351	2,973
GST payable	(330)	(351)
	<u>3,021</u>	<u>2,622</u>
Other receivables	-	6
Total receivables	<u>11,754</u>	<u>11,378</u>

Receivables comprise trade debtors and the net GST receivable owing from the Australian Taxation Office.

Accounting policy – trade debtors

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from the invoice date.

Loss Allowance

The loss allowance for trade debtors reflects lifetime expected credit losses. Economic changes impacting debtors and relevant industry data form part of the impairment assessment.

Where there is no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The COVID-19 pandemic has not materially impacted the collectability of debts pursued. In accordance with the National Partnership Agreement funding arrangements for COVID-19, charges for patients ineligible for Medicare (where there is no third party recovery possible) have not been pursued. These have resulted in an increase to the amounts written off for the financial year 2021-22 of \$8.9m (2020:21: \$0.4m).

a) Impaired trade receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to the receivables. Based on the materiality of the debtor balance, Gold Coast Health has considered the trade debtor balance in total when measuring expected credit losses.

Note 2.10: Receivables continued

The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions. The historical default rates have not been adjusted for forward-looking information that may affect the future recovery of those receivables as there are no material adjustments expected based on reasonable judgement.

Set out below is the credit risk exposure on Gold Coast Health's trade debtors.

	Gross receivables	2022 Loss Rate	Expected credit losses	Gross receivables	2021 Loss Rate	Expected credit losses
	\$'000	%	\$'000	\$'000	%	\$'000
1-30 days	6,002	5%	(290)	5,056	2%	(110)
31-60 days	2,114	8%	(167)	1,868	9%	(174)
61-90 days	548	8%	(45)	1,097	4%	(44)
More than 90 days	2,714	79%	(2,145)	3,325	68%	(2,267)
Total	11,379		(2,646)	11,346		(2,596)

Movements in loss allowance for trade receivables:

	2022 \$'000	2021 \$'000
Loss allowance as at 1 July	2,596	3,913
Increase in allowance recognised in operating result	10,086	1,266
Amounts written off during the year	(10,036)	(2,583)
Loss allowance as at 30 June	2,646	2,596

Total impairment loss for financial year 2021-22 of \$10.8m (2020-21: \$1.8m) represents the above increase in allowance of \$10.1m (2020-21: \$1.3m) as well as debts written off not allowed for of \$0.7m (2020-21: \$0.5m).

Note 2.11: Inventories

	2022 \$'000	2021 \$'000
Pharmaceutical supplies	5,781	5,109
Less: Provision for impairment	(112)	(240)
Clinical and other supplies	9,944	7,804
Total inventories	15,613	12,673

Inventories consist mainly of pharmaceutical supplies and clinical supplies held in wards for use throughout the hospitals. Inventories are measured at cost adjusted for periodic assessments for obsolescence. Where damaged or expired items have been identified, provisions are made for impairment.

Consignment stock is held but is not recognised as inventory as it remains the property of the supplier until consumption. Upon consumption, it is expensed as clinical supplies.

Note 2.12: Other assets

	2022 \$'000	2021 \$'000
Contract assets		
Funding for public health services	-	364
User charges and fees	4,815	7,578
Other assets		
Funding for public health services	30,175	16,446
Prepayments	5,125	7,432
Total other assets	40,115	31,820

Accounting Policy – contract asset

Contract assets arise from contracts with customers with specific performance obligations and are transferred to receivables when Gold Coast Health's right to payment becomes unconditional.

Accounting Policy – other assets

Funding for public health services is recognised under *AASB 1058 Income of Not-for-Profit Entities* as an asset where activities under the contract have been performed but cash has not yet been received.

Note 2.13: Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or more than the following thresholds are recognised for financial reporting purposes in the year of acquisition:

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

Property, plant and equipment are initially recorded at consideration plus any other costs directly incurred in ensuring the asset is ready for use.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

Note 2.13: Property, plant and equipment continued

a) Closing Balances and reconciliation of carrying amount

30 June 2022

	Land (fair value)	Buildings (fair value)	Plant and Equipment (cost)	Work-in- Progress (cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	123,354	2,172,214	207,456	9,569	2,512,593
Less accumulated depreciation		(723,851)	(138,944)		(862,795)
Carrying amount as at 30 June 2021	123,354	1,448,363	68,512	9,569	1,649,798

Represented by movements in carrying amount:

Carrying amount at 1 July 2021	109,322	1,418,336	67,483	5,806	1,600,947
Acquisitions	-	-	10,854	20,003	30,857
Disposals	-	-	(232)	-	(232)
Net revaluation increments	13,192	91,738	-	-	104,930
Donations/Contributed assets received	-	-	622	-	622
Net transfers from the Department/Other HHS	840	420	2,613	-	3,873
Transfers from Work-in-Progress	-	10,086	6,154	(16,240)	-
Depreciation expense	-	(72,217)	(18,982)	-	(91,199)
Carrying amount at 30 June 2022	123,354	1,448,363	68,512	9,569	1,649,798

30 June 2021

	Land (fair value)	Buildings (fair value)	Plant and Equipment (cost)	Work-in- Progress (cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	109,322	2,031,510	201,575	5,806	2,348,213
Less accumulated depreciation	-	(613,174)	(134,092)	-	(747,266)
Carrying amount as at 30 June 2021	109,322	1,418,336	67,483	5,806	1,600,947

Represented by movements in carrying amount:

Carrying amount at 1 July 2020	95,644	1,508,694	70,713	2,803	1,677,854
Acquisitions	-	-	11,169	10,409	21,578
Disposals	-	-	(307)	-	(307)
Net revaluation increments/(decrements)	7,978	(32,185)	-	-	(24,207)
Donations/Contributed assets received	-	-	184	-	184
Net transfers from the Department/Other HHS	5,700	-	17	-	5,717
Transfers from Work-in-Progress	-	4,428	2,978	(7,406)	-
Transfers between classes	-	(50)	50	-	-
Depreciation expense	-	(62,551)	(17,321)	-	(79,872)
Carrying amount at 30 June 2021	109,322	1,418,336	67,483	5,806	1,600,947

Note 2.13: Property, plant and equipment continued

b) Valuations of land and buildings

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

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.

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices.

Gold Coast Health engage external valuers to determine fair value through either comprehensive revaluations and/or the indexation of the assets not subject to comprehensive revaluations. Comprehensive revaluations are undertaken at least once every five years. However, if a particular asset class experiences significant 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 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).

Where indices are used, these are either publicly available, or are derived from market information available to the valuer. The valuer provides 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 comprehensively valued by the valuer, and analysing the trend of changes in values over time.

Land

The State Valuation Service performed a comprehensive valuation of all land holdings in 2020-21. The valuation was based on a market approach. Key inputs into the valuation include publicly available data on sales of similar land in nearby localities in the 12 months prior to the date of revaluation. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual parcel of land.

Indexation has been applied to land values since the last comprehensive valuation in 2020-21, with the exception of two parcels of land recognised at market value in 2021-22. The index range for 2021-22 is a factor of 1 to 1.375 depending on the parcel of land.

Buildings

In 2020-21, Jacobs Pty Ltd performed a comprehensive valuation of all buildings measured on a current replacement cost basis, except for two properties held at market value which was performed by McGees Pty Ltd.

Key inputs into the valuation on replacement cost basis included internal records of the original cost of the specialised fit out and more contemporary design/construction costs published for various standard components of buildings. Significant judgement was also used to assess the remaining service potential of the buildings given local environmental conditions and the records of the current condition of the building. The properties valued on market value basis used publicly available data on sales of similar properties.

Indexation has been applied to buildings held at fair value since the last comprehensive valuation in 2020-21. The index rate for 2021-22 is 6.5%.

The asset revaluation surplus in the statement of financial position as at 30 June 2022 is \$266.4m, including \$24.0m land and \$242.4m building and service concession asset revaluation increments (2020-21: \$158.2m including \$10.8m land and \$147.4m building and service concession asset revaluation increments).

Note 2.13: Property, plant and equipment continued

Revaluation increment/(decrement) reconciliation:

	2022 \$'000	2021 \$'000
Recognised in operating result:		
Land revaluation increment	-	-
Building revaluation increment	-	-
	-	-
Total net revaluation increment in operating result		-
Recognised in other comprehensive income:		
Net land revaluation increment	13,192	7,978
Net building revaluation increment/(decrement)	91,738	(32,185)
Net service concession asset revaluation increment (refer note 2.14a)	3,296	(1,039)
	108,226	(25,246)
Net revaluation increment in other comprehensive income		(25,246)
Total net revaluation increment	108,226	(25,246)

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. On revaluation, for assets valued using a cost valuation approach, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. On revaluation, for assets valued using a market approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for valuation.

c) Fair value hierarchy classification

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 that are relevant to the characteristics of the assets/liabilities being valued. Examples for Gold Coast Health include, but are not limited to, published sales data for land and general buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the assets/liabilities, internal records of recent construction costs (and/or estimates of such costs), assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

All assets and liabilities 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.

Note 2.13: Property, plant and equipment continued

Land and buildings valued with reference to an active market is classified as Level 2. Purpose-built hospital and health service buildings valued without reference to an active market are valued using the replacement cost methodology and classified as Level 3.

2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land		123,354		123,354
Buildings		5,225	1,443,138	1,448,363
Total assets		128,579	1,443,138	1,571,717

2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land	-	109,322	-	109,322
Buildings	-	5,121	1,413,215	1,418,336
Total assets	-	114,443	1,413,215	1,527,658

The movements associated with Level 3 assets are shown below:

	2022 \$'000	2021 \$'000
Balance at 1 July	1,413,215	1,503,906
Disposals		(50)
Revaluation increments/(decrements)	91,682	(32,836)
Transfers from Work-in-Progress	10,086	4,428
Transfers from the Department/Other HHS		-
Depreciation expense	(71,845)	(62,233)
Balance at 30 June	1,443,138	1,413,215

Note 2.14: Public Private Partnerships**(a) Service concession arrangements under AASB 1059**

	2022 \$'000	2021 \$'000
Service Concession Assets		
Gross	80,009	75,126
Less: Accumulated Depreciation	(22,288)	(18,530)
	<u>57,721</u>	<u>56,596</u>
 <u>Service concession asset movement reconciliation</u>		
Opening balance at 1 July	56,596	59,879
Depreciation expense	(2,171)	(2,244)
Revaluation increment	3,296	(1,039)
Carrying amount at 30 June	<u>57,721</u>	<u>56,596</u>
 Liabilities		
Unearned revenue – current	1,965	1,965
Unearned revenue – non-current	40,211	42,176
	<u>42,176</u>	<u>44,141</u>
 <u>Operating statement impact</u>		
<u>Revenue</u>		
Service concession arrangements revenue	1,965	1,965
 <u>Expenses</u>		
Depreciation expense	(2,171)	(2,244)
Net impact on operating result	<u>(206)</u>	<u>(279)</u>

The following table summarises the transitional arrangements on 1 July 2020 (comparative opening balance) relating to the adopting of AASB1059:

	\$'000	Measurement Basis
Service Concession Asset	59,879	Current replacement cost as at 1 July 2020
Unearned Revenue Liability	46,105	Current replacement cost of the service concession asset as at 1 July 2020 adjusted to reflect the remaining period of the service concession arrangement relative to the total length of the agreement
Accumulated Surplus	13,774	The difference between the service concession asset and the unearned revenue liability. This reflects revenue already earned prior to 1 July 2020.

Accounting policy – service concession arrangements

Service concession assets are measured at current replacement cost on initial recognition and are subsequently measured at fair value (determined using current replacement cost) using the same valuation methodology applicable to the building asset class as outlined in Note 2.13 Property, plant and equipment. The assets are depreciated on a straight-line basis over their useful lives.

SurePark Pty Ltd was appointed in July 2010 to build the Gold Coast University Hospital western car park (land owned by Gold Coast Health). The arrangement is for a period of 31 years. There was no revenue received from SurePark Pty Ltd and no upfront payments were made. The agreement provides for Gold Coast Health to receive a portion of revenue if certain conditions are met. A reliable estimate cannot yet be determined.

Note 2.14: Public Private Partnerships continued

(b) Other public private partnerships outside AASB 1059

Public-private partnership arrangements that do not fall within scope of AASB 1059 are assessed under other accounting standards to determine the appropriate accounting treatment.

Healthscope Ltd was appointed in February 2012 to build a private hospital facility in the southeast corner of the Gold Coast University Hospital campus (land owned by Gold Coast Health). The arrangement commenced from 12 March 2016 for a period of 50 years with possible extensions. No upfront payments were made. Gold Coast Health has a right to rental payments based on a percentage of revenue from March 2022. Rental received in 2021-22 are shown in Note 2.2 User charges and fees. Future rental commitments are shown in Note 2.15 Leases for financial year 2021-22. Prior to this financial year, no reliable estimate could be determined.

Note 2.15: Leases

Gold Coast Health has assessed all rental agreements and determined that none meet the classification requirements under AASB 16 *Leases* at 30 June 2022.

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

(i) *Property and fleet rentals*

The Department of Energy and Public Works (DEPW) provides Gold Coast Health with access to accommodation and fleet vehicles under government-wide frameworks. This includes the Varsity Lakes Day Hospital. These arrangements are categorised as procurement of services rather than as leases because DEPW has substantive substitution rights over the assets. They are called property and fleet rental and are disclosed in the supplies and services note 2.6.

(ii) *Amounts recognised in profit or loss*

No transactions met the definition of a lease in 2021-22 (2020-21: \$0).

(iii) *Total cash outflow for leases*

There were no lease payments in 2021-22 (2020-21: \$0m).

Leases as lessor

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

Gold Coast Health sub-leases space for clinical and retail purposes. Gold Coast Health also leases land to Gold Coast Private Hospital (see note 2.14 (b) for further details). Lease income from operating leases is reported as 'Property Rental' in Note 2.2.

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

Lessor commitments

	2022 \$'000	2021 \$'000
Less than one year	3,327	1,807
One to two years	2,284	1,772
Two to three years	1,620	478
Three to four years	1,609	35
Four to five years	1,609	-
More than five years	62,353	-
Total	72,802	4,092

Note 2.16: Payables

	2022 \$'000	2021 \$'000
Trade and other payables	5,889	3,903
Payables to the Department	91,945	84,598
Accrued expenses	50,301	38,262
	<hr/>	<hr/>
Total payables	148,135	126,763

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase or contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 to 60 day terms.

Refer to note 4.2 Related parties for more information on the relationship between Gold Coast Health and the Department. Funding related payables are disclosed under other liabilities at note 2.18 Other liabilities.

Note 2.17: Accrued employee and health service employee benefits

	2022 \$'000	2021 \$'000
Accrued employee benefits		
Wages and salaries payable	2,999	3,821
Superannuation payable	186	133
Total accrued employee benefits	3,185	3,954
	<hr/>	<hr/>
Health service employee benefits	12,558	8,834
	<hr/>	<hr/>
Total accrued employee and health service employee benefits	15,743	12,788

Accounting policy – accrued employee benefits

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

Other leave relates to Rostered Days Off, Nurses Professional Development and Purchased leave entitlements. These liabilities are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the amounts expected to be paid when the liabilities are settled and recognised at undiscounted values.

Accounting policy – accrued health service employee benefits

Other leave relating to accrued health service employees has been transferred back to the Department of Health as employer.

Note 2.18: Other liabilities

	2022 \$'000	2021 \$'000
Current		
Contract liabilities		
Funding for public health services deferred	16,840	17,796
User charges and fees	101	180
Grants and contributions	-	224
Non-contract liabilities		
Funding for public health services to be returned	-	3,821
Unearned revenue – service concession arrangements	1,965	1,965
Total current other liabilities	<u>18,906</u>	<u>23,986</u>
Non-current		
Unearned revenue – service concession arrangements	<u>40,211</u>	<u>42,176</u>
Total non-current other liabilities	<u>40,211</u>	<u>42,176</u>

Funding for public health services deferred is an amount of funding received under the Service Agreement with the Department where the agreed activity or service could not be completed by the end of the financial year and agreement has been reached to defer the revenue to the next financial year when the services will be delivered.

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 in the next financial year.

Refer to Note 2.14 Public Private Partnerships for information on the service concession arrangements unearned revenue.

Section 3: Budgetary Reporting Disclosures

Budget vs Actual Comparison

This section provides an explanation for major variances between the original budget and actual performance for 2021-22.

The original budget is the budget in the Queensland Health Service Delivery Statement published 15 June 2021.

Statement of comprehensive income

	Note	Original Budget \$'000	Actual \$'000	Variance \$'000
Revenue				
Funding for public health services	3.1	1,626,481	1,842,785	216,304
User charges and fees	3.2	120,315	137,244	16,929
Grants and other contributions		15,572	14,512	(1,060)
Other revenue		11,469	18,308	6,839
Total revenue		1,773,837	2,012,849	239,012
Gain on disposal/revaluation of assets		-	727	727
Total income		1,773,837	2,013,576	239,739
Expenses				
Employee expenses		(199,738)	(208,708)	(8,970)
Health service employee expenses		(1,085,447)	(1,113,749)	(28,302)
Supplies and services	3.3	(385,972)	(551,631)	(165,659)
Depreciation and amortisation		(82,114)	(93,422)	(11,308)
Impairment loss		(1,185)	(10,768)	(9,583)
Other expenses		(19,381)	(21,190)	(1,809)
Total expenses		(1,773,837)	(1,999,468)	(225,631)
Operating result for the financial year		-	14,108	14,108
Other comprehensive income for the year				
<i>Items that will not be reclassified subsequently to operating result:</i>				
- Increase in asset revaluation surplus		-	108,226	108,226
Total other comprehensive income		-	108,226	108,226
Total comprehensive income for the year		-	122,334	122,334

Budget vs Actual Comparison (continued)

Statement of financial position

	Note	Original Budget \$'000	Actual \$'000	Variance \$'000
Assets				
Current assets				
Cash and cash equivalents	3.4	114,424	141,586	27,162
Receivables	3.5	16,965	11,754	(5,211)
Inventories	3.6	11,936	15,613	3,677
Other assets	3.7	4,300	40,115	35,815
Total current assets		147,625	209,068	61,443
Non-current assets				
Property, plant and equipment		1,634,807	1,649,798	14,991
Intangibles		47	47	-
Service Concession Assets		-	57,721	57,721
Total non-current assets		1,634,854	1,707,566	72,712
Total assets		1,782,479	1,916,634	134,155
Liabilities				
Current liabilities				
Payables	3.8	112,673	148,135	35,462
Accrued employee and health service employee benefits	3.9	8,268	15,743	7,475
Other liabilities	3.10	15,994	18,906	2,912
Total current liabilities		136,935	182,784	45,849
Non-current liabilities				
Other liabilities	3.11	-	40,211	40,211
Total non-current liabilities		-	40,211	40,211
Total liabilities		136,935	222,995	86,060
Net assets		1,645,544	1,693,639	48,095
Equity				
Contributed equity		1,385,345	1,382,870	(2,475)
Accumulated surplus		6,145	44,382	38,237
Asset revaluation surplus		254,054	266,387	12,333
Total equity		1,645,544	1,693,639	48,095

Budget vs Actual Comparison (continued)

Statement of cash flows

	Note	Original Budget \$'000	Actual \$'000	Variance \$'000
Cash flows from operating activities				
Funding for public health services	3.1	1,544,367	1,742,899	198,532
User charges and fees		119,014	125,852	6,838
Grants and contributions		15,572	13,666	(1,906)
GST collected from customers	3.12	-	2,462	2,462
GST input tax credits from Australian Taxation Office	3.12	8,050	30,761	22,711
Other operating cash inflows		11,469	19,318	7,849
Employee expenses		(199,732)	(209,478)	(9,746)
Health service employee expenses		(1,085,447)	(1,114,356)	(28,909)
Supplies and services	3.3	(383,940)	(537,883)	(153,943)
GST paid to suppliers	3.12	(8,055)	(31,139)	(23,084)
GST remitted to Australian Taxation Office	3.12	-	(2,482)	(2,482)
Other operating cash outflows		(19,381)	(21,033)	(1,652)
Net cash from operating activities		1,917	18,587	16,670
Cash flows from investing activities				
Payments for property, plant and equipment		-	(30,857)	(30,857)
Proceeds from sale of property, plant and equipment		(85)	804	889
Net cash used in investing activities		(85)	(30,053)	(29,968)
Cash flows from financing activities				
Equity injections		-	24,672	24,672
Net cash from financing activities		-	24,672	24,672
Net increase in cash and cash equivalents		1,832	13,206	11,374
Cash and cash equivalents at the beginning of the financial year		112,592	128,380	15,788
Cash and cash equivalents at the end of the financial year		114,424	141,586	27,162

Budget vs Actual Comparison (continued)

Explanations of major variances

3.1. Funding for public health services

The variance of \$216.30 million is due to additional funding received including (1) \$143.39 million for COVID-19 treatment (2) \$44.65 million for increased investment to fund private hospital partnerships to share emergency department and elective surgery load (3) 22.26 million for expanded mental health, community and emergency services. This has caused a corresponding cashflow increase of \$198.53 million.

3.2 User charges and fees

The variance of \$16.92 million is due to (1) \$15.45 million increase in Pharmaceutical Benefits Scheme revenue related to increased drug usage arising from patient activity (2) \$0.49 million in rental revenue from the Gold Coast Private Hospital lease milestones being met (3) remaining \$0.98 million across a range of services such as research revenue.

3.3 Supplies and services

The variance of \$165.65 million is due to (1) \$60.01 million in additional costs to provide COVID-19 related services (refer detail on page 34) (2) \$38.03 million related to private hospital partnerships to share emergency department and elective surgery load (3) \$22.03 million for repairs and maintenance due to ageing asset profile (4) \$15.45 million for additional drug related costs funded from PBS (5) \$25.33m in contractor costs to cover unplanned absences (6) remaining \$4.80 million increases across a range of expenses in line with increased funding. This has caused a corresponding cashflow increase of \$153.94 million.

3.4 Cash and cash equivalents

The cash balance fluctuates due to the timing of receivables and payables.

3.5 Receivables

The variance of \$5.21 million is due to the ongoing impact of the COVID-19 pandemic preventing the expected growth in private patient related activity.

3.6 Inventories

The variance of \$3.67 million is due to increased inventory holdings to meet COVID-19 protective equipment requirements.

3.7 Other assets

The variance of \$35.81 million is due to additional funding relating to activity required to respond to the COVID-19 pandemic that was not received by 30 June 2022.

3.8 Payables

The variance of \$35.46 million is due to estimates for payables owed to the department of health for unspent funding.

3.9 Accrued employee and health service employee benefits

The variance of \$7.47 million is due to the fluctuations in the estimated payroll expense for the final pay period in June 2022.

3.10 Other current liabilities

The variance of \$2.91 million is due to (1) \$1.9 million for first time recognition of service concession asset and liability, (2) remaining variance relates to unspent funding returned to the department of health.

3.11 Non-current liabilities

The variance of \$40.21 million is due to first time recognition of a service concession asset and liability in 2021-2022.

3.12 Goods and Services Tax (GST) Cashflow movements

Per Queensland Treasury Financial Reporting Requirements, GST inflows and outflows are reported separately in the financial statements. The net impact of the GST in the cash flow is only \$0.35 million and reflects the GST value on actual transactions.

Significant Financial Impacts from COVID

The following significant transactions were recognised by Gold Coast Health during the 2021-2022 financial year in response to the COVID-19 pandemic.

	2022 \$'000	2021 \$'000
National Partnership Agreement funding		
- COVID-19 response funding to cover expenses on COVID related services such as quarantine hotels, testing clinics, COVID wards, vaccination centres and other public health services.	143,391	102,507

Section 4: Key Management Personnel and Related Parties

4.1 Key Management Personnel

The following details for key management personnel include those positions that had the authority and responsibility for planning, directing and controlling the major activities of the Gold Coast Health.

Minister

The responsible minister is identified as part of Gold Coast Health Key Management Personnel. The Honourable Yvette D'Ath was appointed the Minister for Health and Ambulance Services on 12 Nov 2020. No associated remuneration figures will be disclosed for the Minister, as Gold Coast Health does not provide the Minister's remuneration.

Board

The Board members of Gold Coast Health as at 30 June 2022 and their positions are outlined below.

Name and position of current incumbents	Appointment authority	Appointment date
Board Chair – Mr Ian Langdon	Section 25(1)(a), HHB Act	18/05/2012 (Reappointed 18/05/2020)
Deputy Chair – Professor Judy Searle	Section 23, HHB Act	18/05/2016 (Reappointed 10/06/2021)
Board Member – Ms Colette McCool PSM	Section 23, HHB Act	29/06/2012 (Reappointed 18/05/2021)
Board Member – Ms Teresa Dyson	Section 23, HHB Act	18/05/2016 (Reappointed 01/04/2022)
Board Member – Mr Michael Kinnane ESM	Section 23, HHB Act	18/05/2018 (Reappointed 01/04/2022)
Board Member – Professor Cindy Shannon AM	Section 23, HHB Act	18/05/2020
Board Member – Professor Nicholas Zwar	Section 23, HHB Act	18/05/2021
Board Member – Mr Lucas Patchett OAM	Section 23, HHB Act	18/05/2021 (Reappointed 01/04/2022)
Board Member – Mr Peter Dowling AM	Section 23, HHB Act	10/06/2021
Board Member – Ms Karen Murphy	Section 23, HHB Act	01/04/2022

Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

4.1 Key Management Personnel continued

Executives

The Key Management Personnel – Executive level includes those positions that have responsibility for planning, directing and controlling the agency as a whole. Due to a restructure in financial year 2021-22, the Chief Operating Officer position has been abolished and three General Manager positions added to Key Management Personnel. Each member holds responsibility for their division's financial, operational and clinical (if applicable) performance as at 30 June 2022 as reflected in the position title in table below:

Name and position of current incumbents	Contract classification and appointment authority	Appointment date
Chief Executive – Mr Ron Calvert	SESL Contract - Section 33, HHB Act	01/10/2012 (reappointed 16/09/2019)
Chief Finance Officer – Mr Ian Moody	HES3 Contract - Section 67, HHB Act	04/12/2013 (reappointed 04/12/2021)
Executive Director, Medical Services, Clinical Governance and Research – Dr Jeremy Wellwood	Medical Officer (Queensland Health) Certified Agreement (No. 5) 2018	06/08/2018 (reappointed 09/08/2021)
Executive Director, Nursing and Midwifery – Paula Duffy	Nurses and Midwives (Queensland Health and Department of Education) Certified Agreement (EB10) 2018	01/08/2021
Executive Director, Strategy, Transformation and Major Capital – Mr Sandip Kumar	HES3 Contract - Section 67, HHB Act	31/08/2020
A/Executive Director, People and Corporate Services – Mr Grant Brown	HES3 Contract - Section 67, HHB Act	08/02/2021 (reappointed 01/08/2021)
Executive Director, Corporate Affairs – Ms Sarah Dixon	HES2 Contract – Section 67, HHB Act	06/08/2018
General Manager, Medicine – Mr Patrick Turner	HES3 Contract - Section 67, HHB Act	01/08/2021
General Manager, Surgical and Critical Care - Sandra Lenehan	HES3 Contract - Section 67, HHB Act	01/08/2021
General Manager, Emergency and Speciality Services – Hannah Bloch	HES3 Contract - Section 67, HHB Act	01/08/2021

Remuneration

Remuneration policy for the Gold Coast Health Board are approved by the Governor in Council and the Chair, Deputy Chair and members are paid an annual fee consistent with the government procedures titled 'Remuneration procedures for part-time chairs and members of Queensland Government bodies.

Remuneration policy for Gold Coast Health Executive is set by the Director-General of the Department as provided for under the HHB Act. The remuneration and other terms of employment are specified in employment contracts. Remuneration expenses for key management personnel 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 the specified position. Non-monetary benefits consist of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

4.1 Key Management Personnel continued

2022

	Short-term employee expenses		Post- employment expenses	Long- term employee expenses	Termination benefits	Total Expenses
	Monetary	Non- monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Board						
Board Chair – Mr Ian Langdon	100	-	10	-	-	110
Deputy Chair – Professor Judy Searle	54	-	5	-	-	59
Board Member – Ms Colette McCool	51	-	5	-	-	56
Board Member – Ms Teresa Dyson	55	-	5	-	-	60
Board Member – Michael Kinnane	54	-	5	-	-	59
Board Member – Professor Cindy Shannon	52	-	5	-	-	57
Board Member – Professor Nicholas Zwar	54	-	5	-	-	59
Board Member – Mr Lucas Patchett	51	-	5	-	-	56
Board Member – Mr Peter Dowling	45	-	5	-	-	50
Board Member – Ms Karen Murphy (start date 01/04/2022)	14	-	1	-	-	15
Executive						
Chief Executive – Mr Ron Calvert	441	16	36	9	-	502
Chief Finance Officer – Mr Ian Moody	250	-	25	6	-	281
Executive Director, Medical Services, Clinical Governance and Research – Dr Jeremy Wellwood	514	-	40	11	-	565
Executive Director, Nursing and Midwifery – Paula Duffy (start date 01/08/2021)	272	-	27	6	-	305
Sandip Kumar, Executive Director, Strategy, Transformation and Major Capital	242	-	25	5	-	272
Executive Director, Strategic Communication and Engagement – Ms Sarah Dixon	211	-	21	5	-	237
A/Executive Director, People and Corporate Services - Grant Brown	217	-	18	5	-	240
General Manager, Medicine – Mr Patrick Turner (start date 1/08/2021)	240	-	22	5	-	267
General Manager, Surgical and Critical Care - Sandra Lenehan (start date 1/08/2021)	241	-	18	5	-	264
General Manager, Emergency and Speciality Services – Hannah Bloch (start date 1/08/2021)	241	-	23	5	-	269

2021

	Short-term employee expenses		Post- employment expenses	Long- term employee expenses	Termination benefits	Total Expenses
	Monetary	Non- monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Board						
Board Chair – Mr Ian Langdon	98	-	9	-	-	107
Board Member – Professor Judy Searle	46	-	4	-	-	50
Board Member – Mr Robert Buker (end date 11 June 2021)	46	-	4	-	-	50
Board Member – Professor Helen Chenery (end date 11 June 2021)	42	-	4	-	-	46
Board Member – Dr Cherrell Hirst (end date 11 June 2021)	49	-	5	-	-	54
Board Member – Ms Colette McCool	51	-	5	-	-	56
Board Member – Dr Andrew Weissenberger (end date 11 June 2021)	45	-	5	-	-	50
Board Member – Ms Teresa Dyson	51	-	5	-	-	56
Board Member – Michael Kinnane	54	-	5	-	-	59
Board Member – Professor Cindy Shannon	45	-	4	-	-	49
Board Member – Professor Nicholas Zwar (start date 18/05/2021)	6	-	1	-	-	7
Board Member – Mr Lucas Patchett (start date 18/05/2021)	6	-	1	-	-	7
Board Member – Mr Peter Dowling (start date 11 June 2021)	2	-	-	-	-	2
Executive						
Chief Executive – Mr Ron Calvert	384	19	31	8	-	442
Chief Operations Officer – Kimberley Pierce (end date 16/10/2020)	69	-	6	1	-	76
Chief Finance Officer – Mr Ian Moody	217	-	22	5	-	244
Executive Director, Clinical Governance, Education and Research – Dr Jeremy Wellwood	450	-	33	10	-	493
Sandip Kumar, Executive Director Transformation (start date 31/08/2020)	207	-	21	4	-	232
Executive Director, People and Corporate Services – Ms Hannah Bloch (01/07/2020-07/02/2021)	130	-	13	3	-	146
Executive Director, Strategic Planning and Assets – Ms Toni Peggrem	219	-	22	5	-	246

4.1 Key Management Personnel continued

	Short-term employee expenses		Post- employment expenses	Long- term employee expenses	Termination benefits	Total Expenses
	Monetary	Non- monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Director, Strategic Communication and Engagement – Ms Sarah Dixon	209	-	21	4	-	234
A/Executive Director, People and Corporate Services - Grant Brown (start date 08/02/2021)	98	-	7	2	-	107

4.2 Related Parties

Transactions with other Queensland Government-controlled entities

Gold Coast Health is controlled by its ultimate parent entity, the State of Queensland. All State of Queensland controlled entities meet the definition of a related party in AASB 124 *Related Party Disclosures*.

The following table summarises significant transactions with Queensland Government controlled entities:

2022

Entity	Note	For the year ending 30 June 2022		At 30 June 2022	
		Revenue \$'000	Expenditure \$'000	Asset \$'000	Liability \$'000
Department of Health	(a)	1,842,785	125,994	31,298	132,017
Queensland Treasury Corporation	(b)	45	11	7,125	-
Department of Energy and Public Works	(c)	-	3,689	-	260
Other Hospital and Health Services	(d)	2,794	2,268	582	152
Gold Coast Hospital Foundation	(e)	289	33	289	-

2021

Entity	Note	For the year ending 30 June 2021		At 30 June 2021	
		Revenue \$'000	Expenditure \$'000	Asset \$'000	Liability \$'000
Department of Health	(a)	1,649,494	77,889	18,132	125,564
Queensland Treasury Corporation	(b)	58	12	7,342	-
Department of Energy and Public Works	(c)	-	5,167	-	478
Other Hospital and Health Services	(d)	2,149	2,130	58	199
Gold Coast Hospital Foundation	(e)	174	11	174	-

(a) Department of Health

Gold Coast Health receives funding in accordance with a service agreement with the Department. The Department receives its revenue from the Queensland Government (majority of funding) and the Commonwealth. The signed service agreements are published on the Queensland Government website and publicly available.

The Department of Health provides support services on a fee basis such as ambulance, pathology, linen, medical equipment maintenance, information technology, communications, procurement and insurance.

In addition to the expenditure disclosed above, the Department provides several services free of charge including accounts payable, payroll and other support services. The Department has estimated the value of these services to be \$14.1m (2020-21: \$13.6m).

(b) Queensland Treasury Corporation

Gold Coast Health has accounts with the Queensland Treasury Corporation (QTC) for general trust monies and receive interest and incur bank fees on these bank accounts.

(c) Department of Energy and Public Works

Gold Coast Health pays rent to the Department of Energy and Public Works (DEPW) for a number of clinical and non-clinical properties. In addition, they provide fleet management services (Qfleet) to Gold Coast Health.

(d) Other Hospital and Health Service entities

Payments to and receipts from other Hospital and Health service entities in Queensland occur to facilitate the transfer of patients, drugs, staff and other services shared.

(e) Gold Coast Hospital Foundation

Gold Coast Hospital Foundation provides free equipment, resources and services to Gold Coast Health in accordance with their objectives identified in the *Hospitals Foundations Act 2018 (Qld)*. Where quantifiable, the value of these resources is disclosed above. The Foundation leases space in the foyer of Gold Coast University Hospital for a nominal value.

4.2 Related Parties continued

Transactions with people/entities related to Key Management Personnel

All transactions between Gold Coast Health and key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature.

Section 5: Other Financial Information

5.1 Financial Instruments

a) Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Gold Coast Health becomes party to the contractual provisions of the financial instrument.

b) Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at amortised cost
- Receivables - held at amortised cost
- Payables - held at amortised cost

Gold Coast Health does not enter into derivative and other financial instrument transactions for speculative purposes nor for hedging. Apart from cash and cash equivalents, Gold Coast Health holds no financial assets classified at fair value through profit and loss.

c) Risks

Gold Coast Health's activities expose it to a variety of financial risks –credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Gold Coast Health's Financial Management Practice Manual. Overall financial risk is managed in accordance with written principles of Gold Coast Health for overall risk management, as well as policies covering specific areas.

The carrying amounts of cash, trade and other receivables and trade and other payables are assumed to approximate their fair values as disclosed on the Statement of Financial Position due to their short-term nature.

Risk exposure	Definition	Exposure and management strategies
Credit risk	The risk that Gold Coast Health may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	Gold Coast Health is exposed to credit risk in respect of its receivables. Receivables are reviewed regularly, and appropriate follow up action taken. See Note 2.10.
Liquidity risk	The risk that Gold Coast Health may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	<p>Gold Coast Health is exposed to liquidity risk in respect of its payables. Exposure to liquidity risk is reduced by ensuring that sufficient funds are available to meet obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected incidence and duration of the various employee and supplier liabilities.</p> <p>Gold Coast Health has an approved overdraft facility of \$21m (2020-21: \$21m) under whole-of-Government banking arrangements to manage any unexpected short-term cash shortfalls. This facility has not been drawn down as at 30 June 2022.</p> <p>Gold Coast Health's trade and other payables are expected to be settled within 30-60 days.</p>
Market risk	<p>The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p>	<p>Gold Coast Health does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.</p> <p>Gold Coast Health is exposed to interest rate risk through its cash deposited in interest bearing accounts. Changes in interest rates have had a minimal impact on the operating result.</p>

5.2 Contingent liabilities

The following cases were filed in the courts naming the State of Queensland acting through Gold Coast Health as the defendant:

	2022 \$'000	2021 \$'000
Supreme Court	10	12
District Court	4	6
Magistrates Court	-	-
Tribunals, commissions and boards	1	-
Total cases	15	18

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of litigations before the courts at this time. Any amount payable would be covered by the Queensland Government Insurance Fund (QGIF). Gold Coast Health's maximum exposure under the QGIF policy is an excess of \$20,000 for each insurable event. Tribunals, commissions and boards include matters that may never be litigated or result in payments to claims.

In addition, a contractual dispute continues between SurePark Pty Ltd and Gold Coast Health regarding SurePark's contractual right to relief from specified 'key risk events'. The dispute has been referred to a jointly-appointed expert to determine the correct interpretation of the contract and calculation of redress (if any) payable to SurePark for past and possibly future events. At this time, no reasonable estimate of the financial effect (if any) can be made.

5.3 Commitments

There were no non-cancellable capital commitments as at 30 June 2022 (2021:0). Lease related commitments are disclosed in note 2.15 Leases.

5.4 Trust transactions and balances

Gold Coast Health manages patient trust accounts transactions (fiduciary funds) as trustee. As Gold Coast Health acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. Trust activities are included in the annual audit performed by the Auditor-General of Queensland.

Patient trust receipts and payments

	2022 \$'000	2021 \$'000
<i>Receipts</i>		
Amounts receipted on behalf of patients	132	212
<i>Payments</i>		
Amounts paid to or on behalf of patients	129	218
<i>Assets</i>		
Cash held and bank deposits on behalf of patients	20	18

5.5 Granted private practice arrangements

Gold Coast Health administers the Private Practice arrangements. As Gold Coast Health acts only in an agency role in respect of these transactions and balances, they are not recognised in the financial statements. Fees collected under the scheme must be deposited initially into the private practice bank accounts and later distributed in accordance with the policy governing the private practice scheme. Private Practice funds are not controlled but the activities are included in the annual audit performed by the Auditor-General.

Payments to Gold Coast Health indicated below relate to revenue that has been recognised by Gold Coast Health.

	2022 \$'000	2021 \$'000
<i>Receipts</i>		
Private practice revenue	5,420	16,673
Private practice interest revenue	3	7
Total receipts	5,423	16,680
<i>Payments</i>		
Payments to private practice doctors/Gold Coast Health for retention arrangements	2,338	6,256
Payments to Gold Coast Health for service fees	2,770	7,992
Payments to Gold Coast Health for assignment arrangements	1,269	1,346
Payments to Gold Coast Health Private Practice Trust Fund*	649	341
Total payments	7,026	15,935
<i>Assets</i>		
Cash held and bank deposits for private practice	411	2,014

The cash balance above represents timing differences between cash receipts and payments in relation to the private practice arrangements.

* Private Practice Trust funds are generated by doctors reaching the ceiling allowable under the retention option arrangements. These funds are included in the General Trust Fund and the allocation of these funds is managed by an advisory committee.

5.6. Climate Risk Disclosure

Gold Coast Health has not identified any material climate related risks relevant to the financial report at the reporting date. Gold Coast Health continues to monitor the emergence of such risks under the Queensland Government's Climate Transition Strategy, and Climate Action Plan 2030. No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

5.7. Events after the reporting period

No events have occurred after the reporting period that have an impact on the financial statements.

Section 6: New Accounting Standards

6.1 New, revised or amending Accounting Standards and Interpretations adopted

No new accounting standards or interpretations that apply to the service for the first time in 2021-22 had any material impact on the financial statements.

6.2 New Accounting Standards and Interpretations not yet mandatory or early adopted

No Australian Accounting Standards have been early adopted by Gold Coast Health.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Gold Coast Health's activities or have no material impact on the health service.


Section 7: Management Certificate

GOLD COAST HOSPITAL AND HEALTH SERVICE
Management Certificate
for the year ended 30 June 2022

These general purpose financial statements have been prepared pursuant to s.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 s.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 the Gold Coast Hospital and Health Service for the financial year ended 30 June 2022 and of the financial position of the Gold Coast Hospital and Health Service at the end of that year; and

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.



Ian Langdon
Board Chair

16 August 2022



Ian Moody
A/Chief Executive

16 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Chair of Gold Coast Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Gold Coast 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 2022, 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 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

Key audit matter	How my audit addressed the key audit matter
Valuation of land and buildings Buildings were material to Gold Coast Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method.	My procedures included, but were not limited to: In a previous year when a comprehensive revaluation was conducted: <ul style="list-style-type: none">• 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

Key audit matter	How my audit addressed the key audit matter
<p>Gold Coast Hospital and Health Service performs comprehensive revaluations of its buildings at least every 5 years under a rolling program, with desktop valuations based on appropriate indices used in intervening years. Indexation has been applied to the value of all buildings this year. The last comprehensive revaluation was conducted in 2020-21.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> gross replacement cost, less accumulated depreciation. <p>Gold Coast Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> identifying the components of buildings with separately identifiable replacement costs developing a unit rate for each of these components, including: <ul style="list-style-type: none"> estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre) identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. <p>Using indexation required:</p> <ul style="list-style-type: none"> significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used. <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p>	<ul style="list-style-type: none"> for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> modern substitute (including locality factors and oncosts) adjustment for excess quality or obsolescence. <p>In the current year when indexation was applied:</p> <ul style="list-style-type: none"> assessing the competence, capability and objectivity of valuation specialists engaged to advise on suitable indices reviewing the scope and instructions provided to the valuer assessing the adequacy of management's review of the valuation process and result evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> reviewing management's annual assessment of useful lives at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets testing that no building asset still in use has reached or exceeded its useful life enquiring of management about their plans for assets that are nearing the end of their useful life reviewing assets with an inconsistent relationship between condition and remaining useful life. Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of 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.

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 2022:

- 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.



19 August 2022

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane