
Financial statements

Gold Coast Hospital and Health Service Financial Statements - 30 June 2021

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 2020, 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.

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 2019-2020 to 2021-2022. 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 within the next financial year.

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

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

- Property, plant, and equipment useful lives assessment – 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 2021

	Note	2021 \$'000	2020 \$'000
Income			
Funding for public health services	2.1	1,649,494	1,518,297
User charges and fees	2.2	125,736	115,820
Grants and other contributions	2.3	17,426	18,958
Other revenue	2.4	14,978	6,469
Total revenue		1,807,634	1,659,544
Gain on disposal/revaluation of assets		369	69
Total income		1,808,003	1,659,613
Expenses			
Employee expenses	2.5	(193,719)	(1,123,582)
Health service employee expenses	2.5	(1,036,105)	(42,200)
Supplies and services	2.6	(466,361)	(407,087)
Depreciation and amortisation	2.7	(79,924)	(77,943)
Impairment loss		(1,785)	(2,579)
Other expenses	2.8	(19,475)	(17,981)
Total expenses		(1,797,369)	(1,671,374)
Operating result for the year		10,634	(11,759)
Other comprehensive income			
<i>Items that will not be reclassified to operating result:</i>			
- (Decrease)/Increase in revaluation surplus	2.13b	(24,207)	30,532
Total other comprehensive income		(24,207)	30,532
Total comprehensive income		(13,573)	18,773

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	2.9	128,380	119,343
Receivables	2.10	11,378	9,897
Inventories	2.11	12,673	11,758
Other assets	2.12	31,820	15,319
Total current assets		<u>184,251</u>	<u>156,317</u>
Non-current assets			
Property, plant and equipment	2.13	1,600,947	1,677,854
Intangible assets		100	152
Total non-current assets		<u>1,601,047</u>	<u>1,678,006</u>
Total assets		<u>1,785,298</u>	<u>1,834,323</u>
Current liabilities			
Payables	2.15	126,763	65,211
Accrued employee/health service employee benefits	2.16	12,788	50,459
Other liabilities	2.17	22,021	28,684
Total current liabilities		<u>161,572</u>	<u>144,354</u>
Total liabilities		<u>161,572</u>	<u>144,354</u>
Net assets		<u>1,623,726</u>	<u>1,689,969</u>
Equity			
Contributed equity		1,447,747	1,500,417
Accumulated surplus		16,779	6,145
Revaluation surplus	2.13b	159,200	183,407
Total equity		<u>1,623,726</u>	<u>1,689,969</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 2021

	Note	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total equity \$'000
Balance at 1 July 2019		1,563,395	17,904	152,875	1,734,174
Deficit for the year		-	(11,759)	-	(11,759)
Other comprehensive income for the year					
- Increase in asset revaluation surplus	2.13	-	-	30,532	30,532
Total comprehensive income for the year		-	(11,759)	30,532	18,773
<i>Transactions with owners as owners:</i>					
Equity injections		11,798	-	-	11,798
Net non-current asset transfers		3,167	-	-	3,167
Equity withdrawals (depreciation and amortisation funding)	2.1	(77,943)	-	-	(77,943)
Balance at 30 June 2020		1,500,417	6,145	183,407	1,689,969
		Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total equity \$'000
Balance at 1 July 2020		1,500,417	6,145	183,407	1,689,969
Surplus for the year		-	10,634		10,634
Other comprehensive income for the year					
- (Decrease) in asset revaluation surplus	2.13	-		(24,207)	(24,207)
Total comprehensive income for the year		-	10,634	(24,207)	(13,573)
<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	16,779	159,200	1,623,726

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 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<i>Inflows</i>			
Funding for public health services		1,574,750	1,457,358
User charges and fees		117,966	114,132
Grants and other contributions		17,466	17,079
GST collected from customers		2,569	1,825
GST input tax credits from Australian Taxation Office		23,477	19,262
Other operating cash inflows		17,242	8,555
<i>Outflows</i>			
Employee expenses		(198,025)	(1,141,488)
Health service employee expenses		(1,021,405)	-
Supplies and services		(474,725)	(407,390)
GST paid to suppliers		(24,469)	(19,394)
GST remitted to Australian Taxation Office		(2,399)	(1,777)
Other operating cash outflows		(19,391)	(17,841)
Net cash from operating activities	2.9	13,056	30,321
Cash flows from investing activities			
Payments for property, plant and equipment	2.13	(21,578)	(14,419)
Sale of property, plant and equipment		617	73
Net cash used in investing activities		(20,961)	(14,346)
Cash flows from financing activities			
Equity injections		16,942	11,492
Lease payments	2.14	-	(150)
Net cash provided by financing activities		16,942	11,342
Net increase in cash and cash equivalents		9,037	27,317
Cash and cash equivalents – opening balance		119,343	92,026
Cash and cash equivalents – closing balance	2.9	128,380	119,343

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

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.1: Funding for public health services

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Activity based funding	1,254,619	1,218,788
Other public health service revenue		
Non-activity based funding	314,951	221,566
Depreciation and amortisation funding	79,924	77,943
	<hr/>	<hr/>
Total funding for public health services	1,649,494	1,518,297

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 funding 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 is 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.

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.

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.2: User charges and fees

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Hospital fees and related services/goods	31,047	33,036
Pharmaceutical benefits scheme	74,172	63,387
Private practice revenue	9,466	9,714
Other user charges and fees		
Property rental	2,264	2,086
Other goods and services	8,787	7,597
Total user charges and fees	<u>125,736</u>	<u>115,820</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.

Accounting policy – Other user charges and fees

Property Rental revenue is recognised as income on a periodic straight-line basis over the lease term.

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.3: Grants and contributions

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Commonwealth grants and contributions	14,259	13,481
Other grants and contributions	2,427	2,508
Other grants and contributions		
Donations other	556	1,089
Donations non-current physical assets	184	1,880
Total grants and contributions	<u>17,426</u>	<u>18,958</u>

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

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.

Note 2.4: Other revenue

	2021 \$'000	2020 \$'000
Interest	55	142
Minor capital recoveries	4,433	3,070
Health service employee expense recoveries	8,154	724
Other	2,336	2,533
Total other revenue	<u>14,978</u>	<u>6,469</u>

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

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.5: Employee Expenses and Health service employee expenses

Employee Expenses

	2021 \$'000	2020 \$'000
<i><u>Employee benefits</u></i>		
Wages and salaries	147,544	877,519
Annual leave levy/expense	11,685	109,054
Employer superannuation contributions	12,335	95,788
Long service leave levy/expense	3,761	21,736
Termination benefits	10	682
<i><u>Employee related expenses</u></i>		
Other employee-related expenses	8,652	8,434
Workers compensation premium	9,730	10,368
Payroll tax	2	1
Total employee expenses	<u>193,719</u>	<u>1,123,582</u>

Health service employee expenses

	2021 \$'000	2020 \$'000
Health service employee expenses	<u>1,036,105</u>	<u>42,200</u>

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

	As at 30 June 2021	As at 30 June 2020
Numbers of employees	433	422
Number of health service employees	8,512	8,360
Total full time equivalent	<u>8,945</u>	<u>8,782</u>

Prior Year Legislative change

The *Hospital and Health Boards Act 2011* (HHB Act) was amended through the *Hospital and Health Boards (Changes to Prescribed Services) Amendment Regulation 2019*. This change removed a Hospital and Health Services (HHS) power to directly employ non-executive staff. With the change in legislation a prescribed HHS effectively became a non-prescribed employer where employees are employed directly by the Director-General in the Department of Health and contracted to the HHS. This change took effect from the 15 June 2020. Payments made under the non-prescribed arrangement are classified as Health service employee expenses. Board, Executive, Senior Medical Officers (SMOs) and Visiting Medical Officers (VMOs) are disclosed as Employee Expenses.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.5: Employee Expenses and Health service employee expenses continued

Accounting policy – employee expenses

Due to the prior year legislative change explained above, the following accounting policies apply to all employees from 1 July 2019 to 14 June 2020 and to Board, Executive, SMOs and VMOs only from 15 June 2020.

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.

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 portion relating to employees is provided for in full. The portion relating to health service employees is expensed in the period it is taken and the remaining balance of unused leave 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.

Accounting policy – health service employee expenses

From the 15 June 2020, all employees other than Board, Executive, SMOs and VMOs are deemed to be employees of the Department of Health. A payment is made to the Department to offset the costs of these expenses. Due to the timing of the adoption of this change, health service employee expenses at 30 June 2020 reflects an accrual for the period from 15 to 30 June 2020.

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.6: Supplies and services

	2021 \$'000	2020 \$'000
Building services	2,280	1,884
Catering and domestic supplies	12,108	11,778
Clinical supplies and services	139,375	122,436
Communications	18,006	17,891
Computer services	18,551	17,333
Consultants	119	374
Contractors and external labour	21,734	18,405
Drugs	93,762	81,257
Expenses relating to capital works	3,036	3,478
Interstate patient expenses	49,241	49,240
Lease expenses	-	55
Motor vehicles	1,143	1,148
Outsourced service delivery	47,096	27,177
Property and fleet rental	5,285	5,085
Repairs and maintenance	32,906	29,412
Travel - patients	4,045	1,130
Travel - staff	976	1,050
Utilities	11,547	12,520
Other	5,151	5,434
Total supplies and services	466,361	407,087

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.

Accounting policy – leases

Refer to Note 2.14 for further details.

Note 2.7: Depreciation and amortisation

	2021 \$'000	2020 \$'000
Depreciation	79,872	77,741
Amortisation	52	202
Total depreciation and amortisation	79,924	77,943

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

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

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:

Buildings	2.4% - 4.5%
Plant and equipment	
Computer hardware	10.0% - 20%
Engineering	7.7% - 10%
Medical equipment	6.30% - 20%
Office, furniture and fittings	6.70% - 16.7%
Vehicle	7.7% - 20%
Intangible assets	7.7% - 20%

Note 2.8: Other expenses

	2021 \$'000	2020 \$'000
Advertising	505	394
Ex-gratia payments	34	36
External audit fees	246	246
Insurance premiums (Queensland Government Insurance Fund)	15,146	14,460
Insurance - other	345	190
Internal audit fees	469	219
Interpreter fees	880	988
Inventory written off/(on)	400	(137)
Legal fees	1,109	850
Losses from the disposal of non-current assets	85	140
Other expenses	256	595
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Total other expenses	19,475	17,981

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. One patient related matter exceeded the \$5,000 threshold in 2020-21 (2019-20: one patient related matter and one employee related matter).

External audit fees

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$246,000 (2019-20: \$281,000). 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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.9: Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash on hand	22	25
Cash at bank	121,016	111,525
QTC Cash Fund	7,342	7,793
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Total cash	128,380	119,343
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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) 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 as at 30 June 2021 was \$7.6m (2019-20: \$9.6m).

b) Effective Interest Rate

Cash deposited with the Queensland Treasury Corporation earns interest at a rate of 0.61% per annum (2019-20: 1.44%). No interest is earned on Gold Coast Health bank accounts.

c) Reconciliation of surplus to net cash from operating activities

	2021 \$'000	2020 \$'000
Surplus/(deficit) for the year	10,634	(11,759)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	79,924	77,943
Depreciation and amortisation funding	(79,924)	(77,943)
Donated/Contributed assets received	(184)	(1,880)
Net losses on disposal of property, plant and equipment	85	140
Net gains on disposal of property plant and equipment	(369)	(69)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(1,481)	71
(Increase) in inventories	(915)	(1,434)
(Increase)/decrease in other assets	(11,932)	1,489
Increase in payables	61,552	20,161
(Decrease)/increase in other employee benefits	(37,671)	6,224
(Decrease)/increase in other liabilities	(6,663)	17,378
	<hr/>	<hr/>
Net cash from operating activities	13,056	30,321
	<hr/>	<hr/>

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.9: Cash and cash equivalents continued

d) Changes in liabilities arising from financing activities

There were no lease liabilities recorded on the balance sheet as at 30 June 2021 (2020:0). One lease met the definition of the accounting standard in 2019-20 but it was disposed of by 30 June 2020. Payments related to this lease totalled \$0.15m.

e) 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

	2021 \$'000	2020 \$'000
Trade debtors	11,346	12,000
Less: Loss allowance	(2,596)	(3,913)
	<u>8,750</u>	<u>8,087</u>
 GST receivable	 2,973	 1,982
GST payable	(351)	(182)
	<u>2,622</u>	<u>1,800</u>
 Other receivables	 6	 10
 Total receivables	 <u>11,378</u>	 <u>9,897</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.

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

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	2021 Loss Rate	Expected credit losses	Gross receivables	2020 Loss Rate	Expected credit losses
	\$'000	%	\$'000	\$'000	%	\$'000
1-30 days	5,056	2%	(110)	3,311	3%	(113)
31-60 days	1,868	9%	(174)	2,032	9%	(181)
61-90 days	1,097	4%	(44)	1,523	19%	(289)
More than 90 days	3,325	68%	(2,267)	5,134	65%	(3,330)
Total	11,346		(2,596)	12,000		(3,913)

Movements in loss allowance for trade receivables:

	2021 \$'000	2020 \$'000
Loss allowance as at 1 July	3,913	3,084
Increase in allowance recognised in operating result	1,266	2,106
Amounts written off during the year	(2,583)	(1,277)
Loss allowance as at 30 June	2,596	3,913

Note 2.11: Inventories

	2021 \$'000	2020 \$'000
Pharmaceutical supplies	5,109	4,618
Less: Provision for impairment	(240)	(81)
Clinical and other supplies	7,804	7,221
Total inventories	12,673	11,758

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.12: Other assets

	2021 \$'000	2020 \$'000
Contract assets		
Funding for public health services	364	184
User charges and fees	7,578	5,691
Other assets		
Funding for public health services	16,446	5,679
Prepayments	7,432	3,765
	<hr/>	<hr/>
Total other assets	31,820	15,319
	<hr/>	<hr/>

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.

Significant changes in other assets balance during the year:

- Funding for public health services includes a \$4.8m accrual for capital funding to be received through equity and \$5.9m for COVID related funding.
- Prepayments includes \$3.4m for health service employees COVID-19 leave paid to the Department of Health as explained in note 2.5.

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*.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.13: Property, plant and equipment continued

a) Closing Balances and reconciliation of carrying amount

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

30 June 2020

	Land (fair value)	Buildings (fair value)	Plant and Equipment (cost)	Work-in- Progress (cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	95,644	2,010,157	195,087	2,803	2,303,691
Less accumulated depreciation	-	(501,463)	(124,374)	-	(625,837)
Carrying amount as at 30 June 2020	95,644	1,508,694	70,713	2,803	1,677,854

Represented by movements in carrying amount:

Carrying amount at 1 July 2019	94,423	1,526,183	75,289	9,846	1,705,741
Acquisitions	-	-	10,342	4,077	14,419
Disposals	-	-	(144)	-	(144)
Net revaluation increments	1,221	29,311	-	-	30,532
Donations/Contributed assets received	-	-	1,880	-	1,880
Net transfers from the Department/Other HHS	-	3,246	(79)	-	3,167
Transfers from Work-in-Progress	-	10,950	170	(11,120)	-
Depreciation expense	-	(60,996)	(16,745)	-	(77,741)
Carrying amount at 30 June 2020	95,644	1,508,694	70,713	2,803	1,677,854

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

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.

At 30 June 2021 the COVID-19 pandemic has not materially altered valuations of land and buildings.

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.

In prior years, indexation was applied to land values since the last comprehensive valuation in 2016-17.

Buildings

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.

In prior years, indexation was applied to building values since the last comprehensive valuation in 2016-17.

The asset revaluation surplus in the statement of financial position as at 30 June 2021 (\$159.2m) relates to land (\$10.8m) and building (\$148.4m) revaluation increments (2019-2020: \$183.4m including \$2.9m land and \$180.5m building revaluation increments).

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.13: Property, plant and equipment continued

Revaluation increment/(decrement) reconciliation:

	2021 \$'000	2020 \$'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	7,978	1,221
Net building revaluation (decrement)/increment	(32,185)	29,311
Net revaluation increment in other comprehensive income	(24,207)	30,532
Total net revaluation increment	(24,207)	30,532

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.

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

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.

2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land	-	109,322	-	109,322
Buildings	-	5,071	1,413,265	1,418,336
Total assets	-	114,393	1,413,265	1,527,658

2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land		95,644	-	95,644
Buildings		4,788	1,503,906	1,508,694
Total assets		100,432	1,503,906	1,604,338

The movements associated with Level 3 assets are shown below:

	2021 \$'000	2020 \$'000
Balance at 1 July	1,503,906	1,521,178
Transfers out of Level 3 into Level 2	-	-
Disposals	-	-
Revaluation (decrements)/increments	(32,836)	29,217
Transfers from Work-in-Progress	4,428	10,950
Transfers from the Department/Other HHS	-	3,246
Depreciation	(62,233)	(60,685)
Balance at 30 June	1,413,265	1,503,906

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.14: Leases

Gold Coast Health has assessed all rental agreements and determined that none meet the classification requirements under AASB 16 *Leases* as at 30 June 2021.

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.

One asset met the classification requirements during 2019-20, but the lease was disposed of prior to 30 June 2020.

(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 2020-21 (2019-20: \$0.05m).

(iii) Total cash outflow for leases

There were no lease payments in 2020-21 (2019-20: \$0.15m).

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.14: Leases continued

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. Lease income from operating leases is reported as 'Property Rental' in Note 2.2. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews.

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

Lessor commitments

	2021 \$'000	2020 \$'000
Less than one year	1,807	1,744
One to two years	1,772	1,728
Two to three years	478	1,596
Three to four years	35	30
Four to five years	-	-
More than five years	-	-
Total	4,092	5,098

Note 2.15: Payables

	2021 \$'000	2020 \$'000
Trade and other payables	3,903	16,546
Payables to the Department	84,598	18,101
Accrued expenses	38,262	30,564
Total payables	126,763	65,211

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 4.3 for more information on the relationship between Gold Coast Health and the Department. Funding related payables are disclosed under other liabilities at note 2.17.

Note 2.16: Accrued employee and health service employee benefits

	2021 \$'000	2020 \$'000
Accrued employee benefits		
Wages and salaries payable	3,821	7,560
Superannuation payable	133	699
Total accrued employee benefits	3,954	8,259
Health service employee benefits	8,834	42,200
Total accrued employee and health service employee benefits	12,788	50,459

Gold Coast Hospital and Health Service
Notes to the financial statements
30 June 2021

Note 2.16: Accrued employee and health service employee benefits cont'd

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

With the change to the prescribed employer arrangements as detailed in Note 2.5, the 2020 balance represents the accrual for the period from the date of the legislative change 15 June to 30 June 2020.

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

Note 2.17: Other liabilities

	2021 \$'000	2020 \$'000
Contract liabilities		
Funding for public health services deferred	17,796	15,800
User charges and fees	180	194
Grants and contributions	224	-
Non-contract liabilities		
Funding for public health services to be returned	3,821	12,690
Total other liabilities	<u>22,021</u>	<u>28,684</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.

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 2020-21.

The original budget is the budget in the Queensland Health Service Delivery Statement published December 2020.

Statement of comprehensive income

	Note	Original Budget \$'000	Actual \$'000	Variance \$'000
Revenue				
Funding for public health services		1,553,429	1,649,494	96,065
User charges and fees		119,552	125,736	6,184
Grants and other contributions		12,987	17,426	4,439
Other revenue		16,059	14,978	(1,081)
Total revenue		1,702,027	1,807,634	105,607
Gain on disposal/revaluation of assets		-	369	369
Total income		1,702,027	1,808,003	105,976
Expenses				
Employee expenses	3.1	180,366	193,719	13,353
Health service employee expenses	3.1	970,584	1,036,105	65,521
Supplies and services		449,111	466,361	17,250
Depreciation and amortisation		82,385	79,924	(2,461)
Impairment loss		1,185	1,785	600
Other expenses		18,396	19,475	1,079
Total expenses		1,702,027	1,797,369	95,342
Operating result for the financial year		-	10,634	10,634
Other comprehensive income for the year				
<i>Items that will not be reclassified subsequently to operating result:</i>				
- Decrease in asset revaluation surplus		-	(24,207)	(24,207)
Total other comprehensive income		-	(24,207)	(24,207)
Total comprehensive income for the year		-	(13,573)	(13,573)

Budget vs Actual Comparison (continued)

Explanations of major variances

3.1. Employee Expenses and Health service employee expenses variance

Employee expenses and Health service employee expenses is \$78.8m higher than original budget. The main driver of this variance are increases in the number of full time equivalent staff (FTE) from a budget estimate of 8,555 to actual FTE of 8,945, primarily in the medical and nursing streams to meet increased demand. In addition, there were enterprise bargaining agreement and COVID leave related payments of \$7.6m.

Significant Financial Impacts from COVID

The following significant transactions were recognised by Gold Coast Health during the 2020-21 financial year in response to the COVID-19 pandemic.

	2021 \$'000	2020 \$'000
Funding for public health services		
- 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.	102,336	24,109

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 (previously the Honourable Dr Stephen Miles). 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 2021 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)
Board Member – 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 18/05/2019)
Board Member – Mr Michael Kinnane ESM	Section 23, HHB Act	18/05/2018 (Reappointed 18/05/2019)
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
Board Member – Mr Peter Dowling AM	Section 23, HHB Act	10/06/2021

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. Each member holds responsibility for their division's financial, operational and clinical (if applicable) performance as at 30 June 2021 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 04/12/2016)
Executive Director, Clinical Governance, Education and Research – Dr Jeremy Wellwood	Medical Officer (Queensland Health) Certified Agreement (No. 5) 2019	06/08/2018
Executive Director, Transformation – 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
Executive Director, Strategic Planning and Assets – Ms Toni Peggrem	HES3 Contract - Section 67, HHB Act	29/09/2014 (reappointed 25/09/2020)
Executive Director, Strategic Communication and Engagement – Ms Sarah Dixon	HES2 Contract – Section 67, HHB Act	06/08/2018

Note: The Key Management Personnel positions have changed during 2020-21. The Chief Operations Officer position and Executive Director, Governance, Risk and Commercial Services was abolished. The Chief Information Officer ceased to be a Key Management Personnel position when the Executive Director Transformation position was separately filled effective 31 August 2020.

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

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

2020

	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	102	-	8	-	-	110
Board Member – Professor Judy Searle	52	-	5	-	-	57
Board Member – Mr Robert Buker	52	-	5	-	-	57
Board Member – Professor Helen Chenery	47	-	4	-	-	51
Board Member – Dr Cherrell Hirst	55	-	5	-	-	60
Board Member – Ms Colette McCool	51	-	5	-	-	56
Board Member – Dr Andrew Weissenberger	51	-	5	-	-	56
Board Member – Ms Teresa Dyson	51	-	5	-	-	56
Board Member – Michael Kinnane	54	-	5	-	-	59
Board Member – Professor Cindy Shannon	5	-	1	-	-	6
Executive						
Chief Executive – Mr Ron Calvert	408	23	34	9	-	474
Chief Operations Officer – Kimberley Pierce	235	-	24	5	-	264
Chief Finance Officer – Mr Ian Moody	258	-	26	5	-	289
Executive Director, Clinical Governance, Education and Research – Dr Jeremy Wellwood	480	-	36	10	-	526
Executive Director, Robina Hospital, Digital Transformation Service and Chief Information Officer – Mr Damian Green (end date 22/09/2019)	49	-	4	1	-	54

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, Digital Transformation and Chief Information Officer – Mark Luchs (start date 23/09/2019)	159	-	15	3	-	177
Executive Director, People and Corporate Services – Ms Hannah Bloch	228	-	23	5	-	256
Executive Director, Strategic Planning and Assets – Ms Toni Peggrem	222	-	22	5	-	249
Executive Director, Strategic Communication and Engagement – Ms Sarah Dixon	208	-	21	4	-	233

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:

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	-

2020

Entity	Note	For the year ending 30 June 2020		At 30 June 2020	
		Revenue \$'000	Expenditure \$'000	Asset \$'000	Liability \$'000
Department of Health	(a)	1,531,110	84,652	5,738	101,644
Queensland Treasury Corporation	(b)	121	12	7,793	-
Department of Housing and Public Works	(c)	-	5,085	-	235
Other Hospital and Health Services	(d)	2,653	2,029	2	193
Gold Coast Hospital Foundation	(e)	161	-	161	-

4.2 Related Parties continued

(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 \$13.6m (2019-20: \$12.5m).

(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 (previously Department of Housing 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.

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 (2019-20: \$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 2021.</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:

	2021 \$'000	2020 \$'000
Supreme Court	12	6
District Court	6	4
Magistrates Court	-	-
Tribunals, commissions and boards	-	-
Total cases	18	10

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 has arisen 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 2021 (2019-20:0). Lease related commitments are disclosed in note 2.14.

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

	2021 \$'000	2020 \$'000
<i>Receipts</i>		
Amounts receipted on behalf of patients	212	248
<i>Payments</i>		
Amounts paid to or on behalf of patients	218	240
<i>Assets</i>		
Cash held and bank deposits on behalf of patients	18	24

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.

	2021 \$'000	2020 \$'000
<i>Receipts</i>		
Private practice revenue	16,673	17,098
Private practice interest revenue	7	17
Total receipts	16,680	17,115
<i>Payments</i>		
Payments to private practice doctors under retention arrangements	6,256	5,369
Payments to Gold Coast Health for service fees	7,992	8,295
Payments to Gold Coast Health for assignment arrangements	1,346	1,784
Payments to Gold Coast Health Private Practice Trust Fund*	341	1,193
Total payments	15,935	16,641
<i>Assets</i>		
Cash held and bank deposits for private practice	2,014	1,269

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. 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

The below summarises the relevant Australian Accounting Standards amendments which have been adopted for the 2020-2021 year.

AASB 1059 Service Concession Arrangements: Grantors

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

AASB 1059 applies to grantors in service concession arrangements, which involve an operator:

- a) providing public services related to a service concession asset on behalf of a grantor; and
- b) managing at least some of those services under its own discretion, rather than at the direction of the grantor.

In addition, the grantor must control the asset, which is demonstrated by:

- a) controlling or regulating –
 - what services the operator must provide with the asset,
 - to whom it must provide them, and
 - at what price; and
- b) controlling any significant residual interest in the asset at the end of the term of the arrangement.

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.

Gold Coast Health have arrangements with the operators of the Gold Coast University Hospital western car park and co-located private hospital. Refer information below:

- 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.
- 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. A reliable estimate of the rental amount cannot yet be determined.

Gold Coast Health assessed these arrangements and determined that the private hospital facility does not fall within the scope of AASB 1059. The Gold Coast University Hospital western car park arrangement is considered immaterial.

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

There are no Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, that 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 2021

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 2021 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

18 August 2021



Ron Calvert
Chief Executive

18 August 2021

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 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

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

Fair value of buildings at current replacement cost (\$1,413.265 million)

Refer to Note 2.13 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Gold Coast HHS performed a comprehensive revaluation of its buildings this year that were measured using current replacement cost method.</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. The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components. The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense. <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> assessing the adequacy of management's review of the valuation process and results. reviewing the scope and instructions provided to the valuer. assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices. assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices assessing the competence, capabilities and objectivity of the experts used to develop the models for unit rates on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> modern substitute (including locality factors and oncosts) adjustment for excess quality or obsolescence. evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> reviewing management's annual assessment of useful lives at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets ensuring 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 2021:

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

Prescribed requirements scope

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



C G Strickland
as delegate of the Auditor-General

19 August 2021

Queensland Audit Office
Brisbane