1 Objectives and strategic priorities of the department

Queensland Health's objective is to provide dependable health care and better health for all Queenslanders. To achieve this, it is essential that services are well planned and organised and that they evolve and change in line with changing practice and community needs. This is reflected in the following four strategic priorities:

- *Making Queenslanders healthier* with a focus on prevention, promotion and protection as effective interventions in addressing the rates of chronic disease
- *Meeting Queenslanders' healthcare needs safely and sustainably* by addressing the challenge of meeting the healthcare needs of Queenslanders across the continuum of care
- *Reducing health service inequities across Queensland* which seeks to provide improved equity of access to health services for specific population groups most at risk
- *Developing our staff and enhancing organisational performance* which values the role of people and resources in our organisation while maximising our achievement of these strategic priorities.

Queensland Health is predominantly funded for the major departmental services it delivers by parliamentary appropriations and by grants from the Australian Government. It also provides health services on a fee for service basis mainly for inpatient care.

2 Summary of significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in compliance with section 42 of the *Financial and Performance Management Standard 2009.*

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the financial statements have applied the requirements applicable to not-for-profit entities as Queensland Health is a not-for-profit department. Except where stated, the historical cost convention is used.

(b) The reporting entity

Queensland Health is managed through a corporate office which undertakes a range of statewide services. Direct service delivery is provided by a network of sixteen Health Service Districts (Districts). Districts provide a large range of health care activities and operate hospital facilities, community, mental and residential health centres. Districts are not separate reporting entities. In the process of reporting on the department as a single economic entity, all transactions and balances internal to the economic entity including the Shared Service Partner, Districts and other Divisions have been eliminated in full when preparing this financial report.

The Mater Misericordiae Public Hospital although treated as a District for operational purposes, does not form part of Queensland Health. As such, its operations are not included in the financial statements except to the extent that an annual amount is paid by way of a grant to the Hospital for the provision of public hospital services in accordance with a binding Service Agreement.

The major departmental services undertaken by Queensland Health and the activities of Queensland Health Shared Service Partner (QHSSP) are disclosed in Note 3.

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

The associated entities of Queensland Health are those entities in which the department has significant influence, but no control, over the financial and operating policies. As at 30 June 2011, Queensland Health has three associates -*Translational Research Institute Pty Ltd*, *Translational Research Institute Trust (TRI*) and *Queensland Children's Medical Research Institute (QCMRI).* For further details refer to Notes 2 (c), 31 (c), 20 and 33.

(c) Investments in associates

Queensland Health's investments in associates are accounted for using the equity method of accounting in the financial statements. The associates are entities over which Queensland Health has significant influence and are neither subsidiaries nor joint ventures.

Queensland Health deems to have significant influence if it holds between 20 and 50 percent of the voting power of another entity.

Under the equity method, investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in Queensland Health's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, Queensland Health determines whether it is necessary to recognise any impairment loss with respect to the net investment in associates. Goodwill included in the carrying amount of the investment in associates is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If impairment is recognised, the amount is not allocated to the goodwill of the associate. Queensland Health has not recognised any goodwill in its accounts for the current reporting period.

The Queensland Health's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements is recognised in the asset revaluation surplus. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from the entity are to be offset against the carrying amount of the investment. Dividends receivable from associates are recognised in the Statement of Comprehensive Income as a component of other income.

Queensland Health has received no distributions from QCMRI for the current reporting period. In accordance with the requirements of the TRI Trust Deed, all distributions made to Queensland Health have been reinvested back into the TRI.

When the share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, Queensland Health does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The associates' accounting policies conform to those used by Queensland Health for like transactions and events in similar circumstances. For further details refer to Notes 20, 31 (c) and 33.

(d) Administered transactions and balances

Queensland Health administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of its objectives.

Administered transactions and balances are disclosed in Note 40. These transactions and balances are not significant in comparison to Queensland Health's overall financial performance and financial position.

(e) Trust transactions and balances

Queensland Health acts in a fiduciary trust capacity in relation to patient trusts and therefore these transactions and balances are not recognised in the financial statements. Although these funds are not controlled by Queensland Health, these activities are included in the audit review performed annually by the Auditor-General of Queensland. Note 35 provides additional information on the balances held in patient trusts.

(f) Major departmental services revenue and administered revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received or as a receivable when approved by Queensland Treasury.

Amounts appropriated to Queensland Health for transfer to other entities in accordance with legislative or other requirements are reported as an administered appropriation item.

(g) User charges, fees and fines

User charges and fees are controlled by Queensland Health when they can be deployed for the achievement of departmental objectives.

User charges and fees controlled by Queensland Health comprise of hospital fees, sales of goods and services and rental income. Hospital fees mainly consist of private patient hospital fees, interstate patient revenue and Department of Veterans' Affairs revenue.

Private patient hospital fees revenue is recognised as revenue when invoices for the related services are raised. Interstate patient revenue and Department of Veterans' Affairs revenue are recognised as revenue based on an estimation and reconciliation of the amount due for the financial year.

Where user charges are received for services that are to be performed in the future, the revenue is not recognised until the services are performed.

Fees and fines collected, but not controlled, by Queensland Health are recognised and reported as administered revenue in Note 40.

Arrangements exist between Queensland Health and various Hospital Foundations for the running of hospital car parks constructed by Queensland Health. Under these arrangements, approved by Government, revenues generated by the operation of these car parks are retained by Hospital Foundations which are separate statutory bodies and therefore prepare their own financial statements.

(h) Grants and other contributions

Grants, contributions, donations and gifts, that are non-reciprocal in nature, are recognised as revenue in the year in which Queensland Health obtains control over them. This includes amounts received from the Australian Government for programs that have not been fully completed at the end of the financial year.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(i) Financing and borrowing costs

Financing and borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on short-term and long-term borrowings, and ancillary administration charges.

(j) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash includes all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Cash also includes a cash debit facility which forms an integral part of Queensland Health's cash management. Queensland Health is not charged interest for drawing on the cash debit facility as it is part of the Whole-of-Government banking arrangements.

Queensland Health also has investments with short periods to maturity that are readily convertible to cash on hand at Queensland Health's option which are subject to a low risk of changes in value. See Note 16. Also refer to Note 34 for restricted assets.

(k) Loans and receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. The collectability of receivables is assessed periodically with provision being made for impairment.

Bad debts are reviewed on an ongoing basis during the year, and all that are known to be uncollectible are written off when identified. Increases in the allowance for impairment are based on loss events disclosed in Note 38 (c).

Trade and other debtors are generally settled within 60 days, while other receivables may take longer than twelve months. Collectability of advances and other receivables are reviewed on an ongoing basis at an operating unit level. Advances include insurance claims, property purchases, long service leave reimbursements, amounts advanced to employees to align the payment of salaries and wages to a uniform pay day throughout Queensland Health and amounts advanced to entities for services to be performed. No collateral is held for advances made and no interest is charged on outstanding amounts.

Queensland Health had commenced a process to recover overpayments by working with the individually affected employees to ensure there was timely resolution of the recovery process. On 10 July 2011, the Government announced there would be moratorium on the recovery of payroll overpayments. Queensland Health has been directed to redesign the recovery process. The salary recovery process will not resume until a package of changes are fully implemented. Refer Notes 3 and 42.

Queensland Health does not have the capacity to grant loans to other entities, except where specific approval is granted by the Treasurer under the *Financial Accountability Act 2009.*

Approval currently exists to the extent of the financial arrangements for funding the public hospital component of the redevelopment of the Mater Hospital. These balances are regarded as administered and are recorded at book value with no interest charged. Refer Note 40.

Loans to other entities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans to other entities are initially recognised at fair value plus directly attributable transaction costs. They are subsequently recorded at amortised cost, using the effective interest method, net of any allowance for impairment. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument. Refer Note 17 and Note 38.

(l) Inventories

Inventories are held for distribution and are provided for no or nominal consideration. These consist mainly of medical supplies provided primarily for hospital care. Inventories held for distribution are measured at cost adjusted, where applicable, for any loss of service potential. Cost is allocated on a weighted average basis for inventories recorded on a perpetual system and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Unless material, inventories do not include supplies held ready for use in wards throughout the hospital facilities. These supplies are expensed on issue from Queensland Health's main storage facilities.

(m) Property, plant and equipment

Acquisition

Items of property, plant and equipment are initially recorded at actual cost when acquired. Cost is determined as the value given as consideration plus costs incidental to the acquisition and all other costs incurred to bring the asset to a state where it is ready for use.

Where assets are received free of charge from another Queensland Government department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

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

Recognition

Items of property, plant and equipment with a cost or other value equal to or more than the following thresholds and with a useful life of more than one year are recognised in the year of acquisition.

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

Items below these values are expensed in the year of acquisition.

Items or components that form an integral part of an asset are recognised as a single asset (functional asset). The recognition threshold is applied to the aggregate cost of each functional asset.

Artwork assets are not disclosed separately as they are not considered material to the total assets held. They form part of the plant and equipment asset class.

Heritage buildings are included in the buildings asset class as they are held primarily for the purpose of service delivery.

Revaluations

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.* In respect of these asset classes, the cost of items acquired during the financial year has been judged by management to materially represent the fair value at the end of the reporting period.

Land is measured at market value using either independent revaluations or desktop market revaluations by the State Valuation Service (SVS) within the Department of Environment and Resource Management. To ensure that land can be reported at fair value, independent revaluations are performed at least every five years or more regularly where market volatility occurs.

Buildings are measured at fair value utilising either independent revaluation or applying an interim revaluation methodology developed by the external registered valuer. Independent revaluations use depreciated replacement cost or market value as outlined below and are undertaken by external registered valuers. The complete revaluation program recommended by the external registered valuer enables Queensland Health to collectively report the building assets at fair value on an annual basis. Buildings are comprised of:

- health service buildings and on hospital-site residential facilities – valued at depreciated replacement cost
- off-hospital site residential premises – valued at market value

Queensland Health has allocated a portfolio of approximately 900 building assets (at least 95% of the gross building value) to be independently revalued over the five years between 2010-11 and 2014-15 financial years. The remaining 5% of gross building values are subject to interim revaluations.

Building valuations are influenced by factors such as age, functionality and the physical condition of each building. Independent building revaluations derive the depreciated replacement cost of health service buildings and on hospital-site residential facilities, shown as the fair value for financial reporting purposes. The depreciated replacement cost is calculated as the replacement cost less the cost to bring to current standards.

The cost to bring to current standards is determined using the condition assessment ratings shown below:

Category	Condition	% reduction in replacement cost
5	New construction, completed within the last 12 months with no work required to meet current standards.	0%
4	The asset has been completed within the last 5 years and maintained in an 'as new' condition.	5%
3	Well maintained building which is fully operational (by visual assessment only) and has no evident faults	50%
2	A building which is nearing the end of its effective life, or is housed in an inappropriate building.	71%
1	A building which has no effective life remaining and requires replacement or redevelopment.	100%

The percentage (%) of replacement cost indicates the reduction that would be applied to the replacement cost as a result of the buildings condition assessment.

The interim valuations applied annually to the buildings asset class was reassessed this year. Following the review of a number of alternative indices, the external valuer, Davis Langdon, recommended that the Department of Public Works Building Price Index (BPI) be applied. This index is used by the Public Works quantity surveyors and is based primarily on tenders for typical government buildings. Davis Langdon undertook statistical analysis and found strong correlation between the index and major projects such as the Gold Coast University Hospital Project. Therefore, Queensland Health accepted Davis Langdon's recommendation for the application of the BPI as it more accurately reflects the true marked condition for the procurement of built health assets.

In addition, a 'Health Design Factor' (HDF) was developed in consultation with Davis Langdon to account for health design factors such as health facility building design code and regulation changes in the application of the interim valuation index. The interim valuations for the following sub-classes are to be annually adjusted by applying the HDF for the duration of the current program:

4% to major, regional and rural hospitals sites; and

2% to residential on-site accommodation at hospital sites.

Any revaluation increment arising from 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 in the revaluation surplus relating to that class.

The gross method of reporting comprehensively revalued assets has been adopted. This method restates separately the gross amount and related accumulated depreciation of the assets comprising the class of revalued assets. Accumulated depreciation is restated proportionally in accordance with the independent advice of the appointed valuers/quantity surveyors. The proportionate method has been applied to those assets that have been revalued by way of indexation. Refer Note 23.

Where an asset is identified for disposal, it is revalued to its market selling price in accordance with *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.*

Plant and equipment is measured at cost in accordance with *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.*

Depreciation

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

Included in the class of plant and equipment are 15 artworks valued at $0.413 million (2009-10: $0.413 million). These items are not depreciated as their value is not expected to diminish with time.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes of property, plant and equipment.

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 its estimated residual value, progressively over its estimated useful life to the department.

The useful life of thirty years for buildings has been determined based on the complex nature of Queensland Health's building portfolio and the renewal work undertaken over the asset's life cycle. The useful life for buildings is reassessed annually by management to ensure reliability for continued use. The remaining useful life of each building is also independently assessed when a comprehensive revaluation is performed.

Items comprising Queensland Health's technical library are expensed on acquisition.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Queensland Health does not currently have any significant component assets where the depreciation impact resulting from separate recording of this component is material for the asset class.

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.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of leases includes any option period where exercise of the option is probable.

Plant and equipment subject to a finance lease is amortised on a straight-line basis over the term of the lease, or where it is likely that Queensland Health will obtain ownership of the asset, the expected useful life of the asset.

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

Class	**Depreciation rates**
Buildings and Land Improvements	2.50% - 3.33%
Plant and Equipment	5.0% - 20.0%

Leased plant and equipment

Leased plant and equipment for which Queensland Health assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases. Queensland Health had no finance lease assets as at 30 June 2011.

Operating lease payments, being representative of benefits derived from the leased assets, are recognised as an expense of the period in which they are incurred.

Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Queensland Health determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent that funds are held in the surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer to the *Revaluations* section of this note.

(n) Intangibles

Acquisition
Intangible assets are initially recorded at cost. Cost is determined as the value given as consideration plus costs incidental to the acquisition. Internally generated software cost includes all direct costs associated with development. All training and general overhead costs are expensed as incurred.

Recognition
Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, with items of a lesser value being expensed.

It has been determined that there is not an active market for any of Queensland Health's intangible assets. The assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Amortisation
Each intangible asset is amortised on a straight-line basis so as to allocate the net cost of each asset over its estimated useful life, less any anticipated residual value. The residual value is zero for all intangible assets.

Software is amortised from the time of acquisition or, in respect of internally developed software, from the time an asset is completed and held ready for use.

The following amortisation rates were used for Software:

Class	Amortisation rate
Software	10% - 20%

Intellectual property
Queensland Health controls both registered intellectual property in the form of patents, designs and trademarks and other unregistered intellectual property in the form of copyright.

As at 30 June 2011, Queensland Health's controlled intellectual property assets do not meet the recognition criteria as assets for reporting purposes.

(o) Arrangements for the provision of public infrastructure by other entities

Queensland Health has entered into a number of contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities for a period of time on departmental land. After an agreed period of between fifteen and twenty-five years, ownership of the facilities will pass to Queensland Health. Arrangements of this type are known as Build Own Operate Transfer (BOOT) type arrangements. BOOT arrangements in operation during 2010-11 are listed in Note 36.

Queensland Health does not control the facilities associated with these arrangements, therefore, although the land on which the facilities have been constructed remains an asset of the department, the facilities are not recorded as assets. Queensland Health receives rights and incurs obligations under these arrangements and these include:

- Rights to receive the facility at the end of the contractual terms; and
- Rights and obligations to receive and pay cash flows in accordance with the respective contractual arrangements, other than those which are received by the respective Hospital Foundations under a Deed of Assignment.

The arrangements have been structured to minimise risk exposure for Queensland Health.

Currently there is no specific Australian Accounting Standard for the treatment of Private Provision of Public Infrastructure (PPPI) arrangements. Consequently, Queensland Health has not recognised any rights or obligations that may attach to those arrangements, other than those recognised under generally accepted accounting principles. Refer Note 36.

(p) Collocation agreements

Queensland Health has entered into a number of contractual arrangements with private sector entities for the construction and operation of private health facilities for a period of time on departmental land. After an agreed period of twenty-five years, ownership of the facilities will pass to Queensland Health.

As with BOOT type agreements, Queensland Health does not recognise these facilities as assets.

Consequently, Queensland Health has not recognised any rights or obligations that may attach to those agreements, other than those recognised under generally accepted accounting principles. Current collocation agreements in operation are listed in Note 37.

(q) Other financial assets

Queensland Health has fixed rate deposits with Queensland Treasury Corporation (QTC) approved by the Treasurer. Each investment has known receipts and fixed maturity dates. Queensland Health has the ability and intention to continue these investments until maturity as the investments contribute towards the Government's objective of promoting high quality health research under the Smart Health Research Grants Program. Refer Notes 19 and 38.

(r) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to Queensland Health. Trade creditors are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. The amounts are unsecured and normally settled within 60 days.

(s) Other financial liabilities

Finance lease advanced
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance lease payments received in advance are recorded as liabilities. Refer Note 26.

Administered borrowings
Queensland Health administers the borrowings of the public component of the Mater Hospital redevelopment loan. There is no financial benefit derived from the transactions by Queensland Health and the financial risk associated with the public component of the project has been covered by the State Government and is treated as an administered balance. Refer Note 40.

(t) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Statement of Financial Position when Queensland Health becomes party to the contractual provisions of the financial instruments.

Classification
Financial instruments are classified and measured as follows:
- cash and cash equivalents – held at fair value through profit or loss
- receivables – held at amortised cost
- loans to other entities – held at amortised cost
- held-to-maturity investment – held at amortised cost
- payables – held at amortised cost
- borrowings – are held at amortised cost

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

Queensland Health does not enter into transactions for speculative purposes, or for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of other financial instruments are included in Note 38.

(u) Employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not included in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Refer Note 10.

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

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
The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on Queensland Health to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears. Refer Note 25.

From 1 July 2008, no provision for annual leave is recognised in the financial statements 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.*

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

No provision for long service leave is recognised in the financial statements, the liability being 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.*

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. Queensland Health's obligation is limited to its contribution to QSuper.

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

Key executive management personnel and remuneration
Key executive management personnel and remuneration disclosures are made in accordance with section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 39 for the disclosure on key executive management personnel and remuneration.

(v) Allocation of overheads to major departmental services

The revenues and expenses of Queensland Health's corporate services are allocated to departmental services on the basis of the services they primarily support and are included in the Statement of Comprehensive Income by Major Departmental Services and SSP. Refer Note 3.

(w) Insurance

Property and general losses above a $10,000 threshold are insured through the Queensland Government Insurance Fund (QGIF). Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. Premiums are calculated by QGIF on a risk assessed basis.

The department also pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(x) Services received free of charge or for nominal 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. When this is the case, an equal amount is recognised as revenue and an expense.

(y) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities.* Appropriations for equity adjustments are similarly designated.

(z) Taxation

Queensland Health is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes accounted for by the department. GST credits receivable from and GST payable to the ATO are recognised and accrued. Refer Note 17.