Queensland Good jobs Better services Great lifestyle

ANNUAL REPORT 2023–2024

Mackay Hospital and Health Service

Queensland Government

Accessibility

Open Data

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

Public availability statement

An electronic copy of this report is available at http://www.mackay.health.qld.gov.au. Hard copies of the annual report are available by phoning the Media and Communications Manager on 07 4885 5984. Alternatively, you can request a copy by emailing mhhs-comms@health.qld.gov.au.

Interpreter Service statement

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone 07 4885 5984 and we will arrange an interpreter to effectively communicate the report to you.

Licence

Attribution

Content from this annual report should be attributed as: State of Queensland (Mackay Hospital and Health Service) Annual Report 2023-2024.

ISSN 2202-9702 (print) ISSN 2202-9834 (online)

Acknowledgment

Acknowledgement to Traditional Custodians

Mackay Hospital and Health Service (HHS) respectfully acknowledges the Traditional Custodians of the land and sea on which we serve our communities, and pay our respect to Elders past, present and emerging. We also declare our commitment to reducing inequalities in health outcomes for Aboriginal and Torres Strait Islander peoples as we move to a place of equity, justice and partnership together.

Mackay – Yuwi people
Sarina – Yuwi people
Moranbah – Barada Barna people
Dysart – Barada Barna people
Clermont – Wangan Jagalingou people
Glenden – Wiri people
Middlemount – Barada Barna people
Proserpine – Gia people
Cannonvale – Ngaro people
Bowen – Juru people
Collinsville – Birriah people

Aboriginal and Torres Strait Islander peoples terminology

Throughout the Annual Report, the terms ‘Aboriginal and Torres Strait Islander peoples’, ‘First Nations peoples’ and ‘Aboriginal peoples and Torres Strait Islander peoples’ are used interchangeably rather than ‘Indigenous’. Whilst ‘Indigenous’ is commonly used in many national and international contexts, Queensland Health’s preferred terminology is ‘Aboriginal and Torres Strait Islander peoples’, ‘Aboriginal peoples and Torres Strait Islander peoples’ or ‘First Nations peoples’.

Recognition of Australian South Sea Islanders

Mackay HHS formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. Mackay HHS is committed to fulfilling the *Queensland Government Recognition Statement: Australian South Sea Islander Community* to ensure that present and future generations of Australian South Sea Islanders have equality of opportunity to participate in and contribute to the economic, social, political and cultural life of the State.

Letter of compliance

3 September 2024

The Honourable Shannon Fentiman MP
Minister for Health, Mental Health and Ambulance Services and Minister for Women
GPO Box 48
Brisbane QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2023-2024 and financial statements for Mackay Hospital and Health Service.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019;* and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements is provided at page 76 of this annual report.

Yours sincerely

Helen Darch OAM
Chair
Mackay Hospital and Health Board

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Statement on Queensland Government objectives for the community

Mackay HHS contributes to the priorities of:
- *Good Jobs: Good, secure jobs in our traditional and emerging industries*
- *Better Services: Deliver even better services across Queensland*
- *Great lifestyle: Protect and enhance our Queensland lifestyle as we grow*

through delivery of the strategic objectives and strategies under Mackay HHS's strategic plan.

Mackay HHS's *Strategic Plan 2020-2024* contributes to the Queensland Government's objectives for the community by supporting all three Government's objectives: *Good Jobs, Better Services* and *Great Lifestyle,* as well as eight of 12 sub-objectives, as listed below*:*

Strategic Objectives & Outcomes	Alignment with Queensland Government's objectives
Inspired People • Valued, empowered and accountable staff • Diverse, capable and agile workforce • Safe, caring and supportive culture • Healthy staff who inspire others • Engaged staff embracing opportunities for change and improvement	• Supporting jobs: Good, secure jobs in more industries to diversify the Queensland economy and build on existing strengths in agriculture, resources, and tourism. • Growing our regions: Help Queensland's regions grow by attracting people, talent, and investment, and driving sustainable economic prosperity. • Investing in skills: Ensure Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.
Exceptional Patient Experience • Informed and empowered people • Better access to services • Treat our patients as individuals • Care is co-designed with our patients, families, carers and communities • Safe and excellent care – continually improving	• Keeping Queenslanders safe: Continue to keep Queenslanders safe as we learn to live with COVID-19 and ensure all Queenslanders can access world-class healthcare no matter where they live. • Backing our frontline services: Deliver worldclass frontline services in key areas such as health, education, and community safety.
Excellence in Integrated Care • Seamless health and social care system • Navigable health system • Smart and responsible use of technology • Innovative, collaborative, and productive partnerships	• Keeping Queenslanders safe: Continue to keep Queenslanders safe as we learn to live with COVID-19 and ensure all Queenslanders can access worldclass healthcare no matter where they live. • Backing our frontline services: Deliver worldclass frontline services in key areas such as health, education, and community safety. • Connecting Queensland: Drive the economic benefits, improve social outcomes, and create greater social inclusion through digital technology and services. • Honouring and embracing our rich and ancient cultural history: Create opportunities for First Nations Queenslanders to thrive in a modern Queensland.
Sustainable Service Delivery • Services matched to community health needs • The right service in the right place by the right people at the right time – delivered as close to home as possible • Recognised teaching hospital • Research outcomes translated into action • Smart use of resources to deliver value	• Supporting jobs: Good, secure jobs in more industries to diversify the Queensland economy and build on existing strengths in agriculture, resources, and tourism. • Building Queensland: Drive investment in the infrastructure that supports the State's economy and jobs, builds resilience, and underpins future prosperity. • Growing our regions: Help Queensland's regions grow by attracting people, talent, and investment, and driving sustainable economic prosperity.

From the Chair and Chief Executive

Together, we present the 2023-2024 annual report, which highlights a busy year for the Mackay Hospital Health Service (HHS) as we focussed on our goal of delivering the best rural and regional health care for our community.

We have embraced considerable change, celebrated major milestones, and laid strong foundations for the future across Mackay HHS over the past 12 months. The 2023-2024 annual report provides an opportunity to reflect on how far we have come, and the work we are yet to do as we maintain our focus on providing safe and accessible healthcare to meet our region's growing needs.

Our achievements are only possible because of the hard work and dedication of more than 3,500 staff working in specialised teams across our hospitals and community health centres. The efforts of every individual staff member is acknowledged and greatly appreciated.

Our year of change began with the appointment of a new six-member Hospital and Health Board in August 2023, complemented by, the addition of a seventh member in April 2024. We thank former Board Administrator Karen Roach for her strong leadership skills as we underwent this transition.

The Board brings together a diverse range of experience, knowledge, and skills across medical, nursing, social work, accounting, legal, strategy and governance fields to the management of the health service. It has been exciting to look to the future as we plan our strategic direction.

In cementing our strong leadership of the health service, we have also welcomed the permanent appointment of Executive Leadership Team roles for nursing, operations, and the people and culture functions.

In 2023-2024, we have been pleased to celebrate some significant outcomes, while experiencing increased demand and nationwide workforce shortages. Planned care recovery funding has enabled us to recruit more specialists, extend our theatre operating times, and work with our service delivery partners to focus on reducing wait lists for outpatient appointments and elective surgery. We were also grateful to receive $5 million as part of the Queensland Government Putting Patients First Plan. Funded initiatives for improvement in patient flow have focussed on Mackay Base Hospital. This has enabled the appointment of an emergency department flow commander and mental health clinicians. We have expanded the operating hours of our Transit Care Hub, which provides care and a safe space for patients awaiting discharge. Another initiative, which is providing better patient care as well as relieving pressure on Mackay's Emergency Department, has been the introduction of a rapid access service for patients following surgery - the Post Operative Discharge Support Service (PODSS).

We continue to make progress on improving health outcomes for Aboriginal and Torres Strait Islander peoples with the implementation of the Our Mob Together Strong Health Equity Strategy. This year, we developed a culturally appropriate website and celebrated external engagement activities for NAIDOC Week and at the Mackay Hospital Foundation's Family Fun Day. Education and information on Better Medication Access to support First Nations peoples following outpatient appointments or discharge from hospital is also being implemented at Mackay Base Hospital.

We have reached a number of significant milestones this year within Mackay HHS.

The Mackay Base Hospital Cardiac Catheter Lab celebrated its 10th anniversary in February, marking a milestone in patient care and service delivery. The service has grown from delivering basic diagnostic angiograms, previously undertaken in Townsville, to now performing an average of 100 procedures locally per month.

It was wonderful to be able to celebrate with one of our university partners, James Cook University, at the Ngudya Yamba campus (James Cook University Clinical School) acknowledging its 20 years of medicine, 10 years of nursing, and the first year of teaching the full pharmacy cohort (years 1 to 4). The Board and Executive Leadership team sees education, training, and research as essential and at the core of our health services. Investing in such partnerships is also key to growing our own future workforce, and to helping us better meet the health needs of our community.

Another notable achievement was our Informatics Unit being nominated in the Digitising Healthcare category of the 2024 Queensland Health Awards for Excellence. This recognised it's work in harnessing the power of technology and data analytics to revolutionise patient care and drive positive change within the health service.

As we build for the future of healthcare delivery in our region, there is much to look forward to, both at our rural facilities and in Mackay.

In Clermont, we were thrilled to announce the significant appointment of a permanent doctor, Dr Tim Lane at the Clermont Multi-Purpose Health Service. Dr Lane has made the permanent move to Clermont and has established a GP clinic, further improving healthcare options for the Clermont community.

In Sarina, one true highlight of the year was undoubtedly the opening of our new Sarina Hospital. Thank you to all the staff who have worked tirelessly over the past few years to make our dream for the Sarina community a reality. The new $31.5 million hospital at Brewers Road was officially opened in April 2024 and is now providing care to patients in a modern purpose-built facility. The new spacious facility provides improved layout, expanded bed capacity, as well as new staff accommodation.

The new Sarina Hospital is also the first rural hospital to be 'born digital'. From opening day, this has provided staff with a holistic view of a patient's health and treatment by using the ieMR digital medical record system.

We were also successful in achieving funding of $7.55 million for the refurbishment of the former Sarina Hospital to cater for long-stay patients who do not require acute care but are waiting on support from other services. This is expected to provide 24 long-stay patient beds, and completion is projected for mid-2025.

In Moranbah, work is progressing rapidly on a new $48.5 million facility that will replace the existing hospital and provide health services to the Isaac community under one roof. The hospital is due for completion in late 2024, and it will also become part of the digital hospital network, replacing paper-based clinical charts and records.

In Proserpine, refurbishment works to deliver Proserpine's new community mental health centre at 32 Chapman Street are on track for completion in late 2024. The next stage will see work begin on the construction on a new four-chair renal dialysis unit at Proserpine Hospital.

In Mackay, work has begun on the $250 million Mackay Hospital Expansion Project (MHEP). This project will deliver an additional 128 much-needed beds to help relieve hospital pressures and improve patient care for the region.

Funding of $75 million has been allocated to build a multi-storey car park at Mackay Base Hospital, which will help meet the current and future car parking needs of staff, patients, and visitors.

Looking to the future, our *Reimagining Healthcare* workshop was the first step in creating the new Mackay HHS Strategic Plan. It brought together our staff, regional partners, key stakeholders, and consumer advisory partners to build a shared view of the future. This has been followed by further planning and consultation sessions, as we work to ensure the plan truly represents the aspirations of the people who shape and deliver our services.

We would like to conclude by thanking the many organisations that provide us with invaluable ongoing support.

Those key organisations include the Mackay Hospital Foundation volunteers and hospital auxiliaries in Mackay, Proserpine, and Bowen; your work is invaluable in improving the experience of our patients.

Ronald McDonald Charities North Queensland: your support for the families of sick children is also greatly appreciated.

The achievements outlined in this report are a testament to the skill, commitment and collective impact of our people and partners. Together, we can create healthy empowered communities and build a better tomorrow, for our health service and community.

Helen Darch OAM
Chair
Mackay Hospital and Health Board

Susan Gannon
Chief Executive
Mackay Hospital and Health Service

About us

Mackay HHS is an independent statutory body overseen by an appointed Hospital and Health Board, established on 1 July 2012. Our responsibilities are set out in the *Hospital and Health Boards Act 2011* (HHBA) and the *Financial Accountability Act 2009* and subordinate legislation. We operate according to the service agreement with the Department of Health which outlines the services to be provided, the funding arrangements and our performance indicators and targets.

Mackay HHS is responsible to the Mackay Hospital and Health Board (MHHB) for the provision of public hospital and health services, including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient clinics, mental health, critical care, community health and clinical support services to a population of approximately 186,215 people (as at June 2023). In 2023, there were 12,604 First Nations peoples living across the Mackay HHS catchment. This represents 6.77 per cent of the population and is higher than the Queensland average of 4.75 per cent. There is also a significant Australian South Sea Islander community in the region.

The geographical catchment of Mackay HHS spans 90,364 square kilometres, extending from Bowen in the north to St Lawrence in the south, west to Clermont and northwest to Collinsville and includes Proserpine and the Whitsundays.

Mackay HHS is an organisation with approximately 3,500 staff, providing extensive health services in a range of regional, community and rural settings. Mackay HHS consists of eight hospitals and four community health centres. Services are delivered on-site in our facilities as well as in other settings such as people's homes.

Strategic direction

Mackay HHS is committed to providing services that are efficient, diverse, and flexible to changing community and government needs. The health service has focussed on the following key areas specific to the health context: building our health workforce capacity and capability; delivering excellence in care for all patients; working collaboratively with our partners to support streamlined care, particularly for vulnerable people; and working in smart and efficient ways to grow and expand our services for the future.

The MHHB sets the organisation's strategic agenda and monitors outcomes achieved against the Mackay HHS Strategic Plan and its performance against the service delivery statement. Mackay HHS's *Strategic Plan 2020-2024* sets out four interrelated objectives: Inspired People, Exceptional Patient Experiences, Excellence in Integrated Care, and Sustainable Service Delivery, each with its own strategies to achieve Mackay HHS's vision.

Vision, Purpose, Values

Our Vision
Delivering Queensland's Best Rural and Regional Health Care

Our Purpose
To deliver outstanding healthcare services to our communities through our people and partners

Our Values
Collaboration | Trust | Respect | Teamwork

Priorities

In alignment with the Service Delivery Statement and our *Strategic Plan 2020-2024*, we continued to focus on achieving outcomes and progress towards realising the strategic objectives in 2023-2024 which were:

Inspired People
Creating a diverse and highly skilled workforce

Exceptional Patient Experiences
Improving patient flow and striving for patients to have better access to surgical and outpatient services

Excellence in Integrated Care
Continuing to respond to community health priorities, such as care of the elderly and chronic disease

Sustainable Service Delivery
Further developing contemporary models of care to help patients to spend less time in hospital

Aboriginal and Torres Strait Islander Health

Mackay HHS is committed to improving health and wellbeing outcomes for First Nations peoples and capturing First Nations voices in the Health Equity Strategy. Mackay HHS has established the Health Equity Advisory Group comprised of co-signatory partners, community members and consumers to advise and monitor implementation progress against the Strategy. This group is leading the development of an updated Health Equity Strategy.

The Our Mob Together Strong Health Equity Strategy implementation plan was developed and approved in November 2023 to work in partnership with the Health Equity Advisory Group to guide the implementation of the Strategy, focusing on 10 priority initiatives and establishing structures to support those activities.

Aligned with the Health Equity strategy, *Making Tracks toward closing the gap in health outcomes for Indigenous Queenslanders by 2033* is the commitment and work of all staff and volunteers of Mackay HHS.

The burden of disease and injury in Queensland's Aboriginal and Torres Strait Islander people 2017 HHS profiles report states that within Mackay HHS boundaries, First Nations peoples experience 2.1 times the burden of disease and injury compared to non-Indigenous Queenslanders. Additionally, the gap of Health Adjusted Life Expectancy for Mackay HHS's First Nations people is 61.7 years compared to 73.7 years for the rest of Queensland.

Mackay HHS has seven *Making Tracks towards Closing the Gap* Queensland Government funded programs amounting to approximately $2.1 million. These are the health service's key drivers for improving access to outpatient appointments and acute hospital services, chronic disease management coordination, cultural support to patients, development and delivery of cultural practice education and resources to our workforce.

The 'Budyubari Bidyiri Kebi Stapal' (Big Dream, Small Steps) has commenced its third student intake in 2024. The initiative is designed for young First Nations peoples and seeks to inspire, educate, engage, and motivate through structured health employment pathways. There are 11 School Based Traineeship positions available in this program and these positions are spread across all participating high schools in Mackay and Sarina.

This year, there were two initiatives funded through the Connected Community Pathways program. The Better Cardiac Care program has continued to deliver essential services aimed at improving cardiac health outcomes for First Nations peoples with heart disease. The program helps with navigating the health system and transitioning between acute and community settings. Additionally, the Together Strong Connected Care program provides First Nations peoples who are at risk, newly diagnosed, and living with Type 2 Diabetes culturally safe care and services in, or as close as possible to, their own communities.

Our community-based and hospital-based services

Mackay HHS provides an integrated approach to service delivery across acute, primary health and other community-based services including aged care assessment and Aboriginal and Torres Strait Islander programs. Primary health services include Mental Health, Oral Health, Home and Community Care, Mobile Women's Health, Alcohol and Other Drugs Service, Sexual Health, Aged Care Assessment Team, and BreastScreen.

Mackay HHS facilities include:

- Mackay Base Hospital | Mackay Community Health Centre
- Proserpine Hospital | Cannonvale Community Health Centre
- Bowen Hospital
- Sarina Hospital
- Dysart Hospital | Middlemount Community Health Centre
- Moranbah Hospital | Glenden Community Health Centre
- Clermont Multi-Purpose Health Service (acute and aged care beds)
- Collinsville Multi-Purpose Health Service (acute and aged care beds)

Mackay HHS can treat most people locally. Those who require more specialist care or treatment are transferred to the Townsville University Hospital or Brisbane hospitals.

Mackay HHS provides free car parking for patients, families, visitors, and staff. Consequently, there was no requirement to issue car parking concessions throughout 2023-2024.

Strategic risks, opportunities and challenges

There are many challenges facing Mackay HHS as we plan for and deliver safe, high-quality, efficient and sustainable health services for a dynamic and constantly changing community. This includes growing community needs, economic and population demographic changes, the burden of complex chronic disease, ageing and future infrastructure needs, community expectations of service access, and rebuilding confidence in service delivery. Most significantly, workforce recruitment and retention in an environment of national critical worker shortage constrains the ability to provide high-quality, sustainable healthcare for our communities. In addition, Mackay HHS residents demonstrate high rates of unhealthy behaviours, including smoking, lower rates of physical activity, and alcohol consumption. The population has experienced significant growth within the last two years with the fastest growing age groups in the 70+ age groups and projected increase over the coming years.

These challenges represent an important opportunity for our communities to share in the responsibility of shaping future health and wellness outcomes. New technology and new ways of doing things are being embraced as part of digital transformation, and we continue to build on our partnerships to provide service solutions that enhance and expand access to local sustainable care for our community. Empowering patients to own and manage their individual health remains a high priority, and there is significant potential to achieve success in reducing health risk factors in the Mackay HHS by adopting a whole-of-community approach.

Collaboration and partnerships are crucial as we respond to the community's health priorities, such as mental health and chronic disease. By working across government and non-government sectors, business and industry, we can make significant gains in improving the health of our community and supporting initiatives that provide better integrated health care, support patient flow, and enable the right workforce to deliver services in the right place.

Attracting and retaining highly qualified staff to accelerate the needed workforce of the future, which is diverse and unified, will be supported through a variety of strategies. These include a 'Grow Our Own' approach by working collaboratively with local secondary and tertiary education providers and creating career pathways; advancing our recognition as a great teaching hospital, as well as promoting a safe and supportive working environment.

Moving forward, our priorities are to deliver excellent, patient-centred compassionate care for all; have a great place to work that is respectful, inclusive, and empowering; to have informed, engaged and healthy communities; and be a responsible, resilient, and proactive sustainable organisation. Key strategies include collaborating across the health ecosystem to build system capacity, strengthen connectivity, and support continuity of healthcare as well as advocating, planning for and delivering health infrastructure and service solutions that enhance and expand access to care as close to home as possible. This will, in part, be addressed by continuing to progress the $250 million Mackay Base Hospital Capital Expansion Program and the $36.36 million Moranbah Hospital Redevelopment. Leveraging evolving technologies and integrating innovative practices to support enhanced clinical care, together with our education and research partners in building a strong, sustainable research culture, translating into practice, will contribute to the advancement of health care. Progressing on health equity for First Nations peoples and partnering to build responsive, equitable and accessible services for our diverse populations and vulnerable groups, as well as support partners in community education and health literacy initiatives for community-owned health, will also be key aspects.

From a whole-of-health system perspective, we will deliver local responses to the Department of Health and whole-of-Government priorities and initiatives. These include supporting all three Queensland Government objectives: *Good Jobs, Better Services* and *Great Lifestyle*; the delivery of a health equity strategy and the realisation of Queensland Health's *HEALTHQ32 - A vision for Queensland's health system*.

Governance

Our people

Providing high-quality health care in rural and regional Queensland is a unique and privileged challenge. Mackay HHS is one organisation across eight hospitals and four community health centres. Mackay HHS's capacity to deliver excellent regional health care is supported by an exceptional workforce. Enabling our workforce to provide the highest level of care to the community we serve requires a proactive approach to workforce planning, development and engagement to create the right capability mix to meet current and future demands.

Board membership

The Governor in Council appoints board members based on the Minister's recommendation and approves the remuneration arrangements (consistent with the *Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies*). Board members act in accordance with their duties and abide by the Code of Conduct and Values for the Queensland Public Service in accordance with the *Public Sector Ethics Act 1994*.

The following committees support the functions of the MHHB. Each operates with terms of reference describing the purpose, duties and responsibilities, composition, and membership. MHHB committees also undertake deep dives into service areas as required.

Executive Committee

The Executive Committee provides support to the MHHB in its role of controlling Mackay HHS by:

- working with the Chief Executive to progress strategic issues identified by the MHHB
- monitoring strategic human resources and work health and safety matters
- strengthening the relationship between the MHHB and the Chief Executive to ensure accountability in the delivery of services by Mackay HHS.

Meetings are held quarterly or as directed by the Chair.

Safety and Quality Committee

The Safety and Quality Committee provides strategic advice and recommendations to the MHHB regarding patient safety and quality assurance. Meetings are held six times per year or as directed by the Chair.

Audit and Risk Committee

The Audit and Risk Committee provides support to the MHHB in its responsibility for audit and risk oversight and management and operates in accordance with Queensland Treasury's Audit Committee Guidelines. Meetings are six times per year or as directed by the Chair.

Finance Committee

The Finance Committee provides advice to the MHHB on matters relating to the financial and operational performance of Mackay HHS. Meetings are six times per year or as directed by the Chair.

Ms Helen Darch | Board Chair
Term of Appointment: 21/08/2023 to 31/03/2026

Helen is Managing Director of Nedhurst Consulting, a Queensland-based consultancy that focuses on strategic planning, facilitation, and mentoring. She has over 16 years' experience as a Non-Executive Director on large not-for-profit and government boards, primarily in the health, disability and philanthropy sectors. She has held a range of leadership roles from Board Chair to Chair of Board Nominations, Executive Appraisal, and fundraising and marketing committees, and has also been a Director on Board Finance, Quality and Risk, as well as research committees.

In addition to her Mackay Hospital and Health Board Chair role, she is currently an Ordinary Commissioner of the Crime and Corruption Commission, Chair of Health and Wellbeing Queensland's Research Advisory Committee, member of the North Queensland Primary Health Network, Board member of the Tropical Australian Academic Health Centre, and an advisor for McCarthy Mentoring. In 2022 she was awarded an Order of Australia for service to community health.

Mrs Kerry Maley | Deputy Board Chair
Term of Appointment: 21/08/2023 to 31/03/2026

Kerry is a dedicated and proud Kamilaroi and Mandandanji Aboriginal woman. Growing up on Barunggam country (Miles, Queensland), Kerry has a deep connection to her community and the land. Her passion for health and commitment to making a positive impact stem from the influence of her grandmother and mother, who collectively served Queensland Health for over 55 years.

Kerry is recognised as an advanced social worker. With a career spanning more than 25 years in community service delivery, Kerry has acquired extensive expertise in various areas, including community health, therapy, child protection, women's services, youth programs, and disability services. Kerry possesses a keen interest in organisational and strategic theoretical approaches, as well as stakeholder and community engagement. Kerry has an unwavering commitment to empowerment and successfully coordinating and implementing projects that foster inclusivity, support, and independence.

Associate Professor Luke Lawton | Board member
Term of Appointment: 21/08/2023 to 31/03/2026

Associate Professor Luke Lawton is a senior specialist in Emergency Medicine at Townsville University Hospital and an Associate Professor of Medicine at James Cook University. He is a non-executive director of the Emergency Medicine Foundation and independently consults on quality and safety in medical matters for various clients across Australia. He is the current chair of the National Editorial Committee for the Primary Clinical Care Manual.

Luke has practiced emergency medicine across Australia and internationally. He has bachelor's degrees in biochemistry and medicine and a master's degree in public health. He is a fellow of the Australasian College for Emergency Medicine and a graduate of the Australian Institute of Company Directors.

Dr Peter O'Mara | Board member
Term of Appointment: 21/08/2023 to 31/03/2026

Professor Peter O'Mara is a proud Wiradjuri man from northeast Wiradjuri Country who completed his medical degree at the University of Newcastle. Since completing his degree, Peter has worked as a GP at Tobwabba Aboriginal Medical Service and played a role in setting up the Werin Aboriginal Medical Service. While still working at Tobwabba and Werin, Peter is also employed as a Professor and Assistant Dean of Indigenous Health at the University of Newcastle. Peter is committed to the ongoing training of First Nations medical doctors to improve health disparities and continuously advocates for better health and education outcomes in First Nations communities.

Dr Maureen (Maude) Chapman | Board member
Term of Appointment: 21/08/2023 to 31/03/2026

Dr Maureen (Maude) Chapman is a registered nurse with over 30 years of experience in clinical practice and academia. She is currently an academic at the James Cook University, where she is the site coordinator for nursing and midwifery in Mackay. Her doctoral thesis *An exploration of leadership of registered nurses in the clinical environment* focusses on the use and expectations of leadership for nurses.

Maude has been central to the development of contemporary nursing curricula in both undergraduate and postgraduate nursing education. She is a supervisor for research higher degree students in the field of nursing. She has a keen interest in the use of technology in healthcare. The specific areas of technology that she is interested in are, telemedicine, electronic health records, and the use of artificial intelligence in education. Her specific accomplishments in using technology to improve healthcare, include the development of a new training program for nurses in the use of electronic health records. She is passionate about using her skills and experience to improve the delivery of care to patients, she is also a strong advocate for giving back to the profession and to the community.

Mr William (Bill) Cooper | Board member
Term of Appointment: 21/08/2023 to 31/03/2026

Bill is a prominent lawyer and has worked as an Acting Magistrate in Mackay and as a Senior Case Officer for the Federal Child Support Agency. Bill currently serves as a member of the Queensland Civil and Administrative Tribunal. Bill has been admitted as a Fellow of the Australian Society of Certified Practicing Accountants and is a Member of the Queensland Law Society.

Bill ran his own legal practice for more than 25 years, and he has been a chairman, director and member of various sporting and community boards, including the chairman of Skills Training Mackay for 23 years. He was also the director of Mackay Cutters Rugby League and the director of Mackay Stadium during its construction. He was an active member of Lions International and served two terms as president of his local Lions club. He has been a national board member of Variety and chairman and life member of Variety Queensland. Bill served as president of the Mackay District Law Association and president of the Mackay District Accountancy Committee. Presently, he serves as director and secretary of several companies including Pioneer Valley Water Co-Operative Limited and Central Queensland Helicopter Service.

Ms Monica McKendry | Board member
Term of Appointment: 01/04/2024 to 31/03/2028

Monica is a chartered accountant with over 25 years' experience and is currently a director of SH Tait & Co Chartered Accountants, which provides accounting, taxation, and business advice to a variety of businesses and individuals in the Mackay region. She was appointed a director of North Queensland Bulk Ports Corporation Ltd in October 2020 and chairs the Audit and Financial Risk Management Committee. Monica is also an external member of the Mackay Regional Council's Audit Committee.

Table 1: Government bodies reporting

Name of Government body	*Mackay Hospital and Health Board*
Act or instrument	The MHHB derives its authority from the HHBA and the *Hospital and Health Boards Regulation 2023.*
Functions	The MHHB's functions include: •Develop strategic direction and priorities for the Mackay HHS. The MHHB uses local decision-making to develop plans, strategies, and budgets to ensure accountable provision of health services to meet the needs of the community. •Monitor compliance and performance of the Mackay HHS. It oversees the operation of systems for compliance and risk management, and audit reporting to meet legislative requirements and national standards. •Focus on patient experience and quality outcomes. Meeting the challenges of distance and diversity is essential to providing patient care across the Mackay HHS. •Ensure evidence-based practice education and research. The MHHB encourages partnering with universities and training providers to boost clinical capability.
Achievements	Some of the key achievements of the MHHB in 2023-2024: •Commenced early adoption of Child Safeguarding Accreditation requirements. •Acquired membership to Global Green and Healthy Hospitals. •Commissioning of the new Sarina Hospital in April 2024.
Financial reporting	Mackay HHS is not exempted from audit by the Auditor-General and transactions of the entity are accounted for in the financial statements.
Remuneration	As reported on pages 64-68, G1 Key Management Personnel Disclosures.
No. scheduled meetings / sessions	See table below
Total out of pocket expenses	$510.13

Board Members	MHHB	Committees			
		Executive	*Audit & Risk*	*Finance*	*Safety & Quality*
Helen Darch [1]	10 out of 11	3 out of 3			5 out of 5
Kerry Maley [1]	11 out of 11		5 out of 5	11 out of 11	
Luke Lawton [1, 3]	11 out of 11	3 out of 3			4 out of 5
Peter O'Mara [1,3]	9 out of 11	3 out of 3		7 out of 11	
Maude Chapman [1]	10 out of 11		5 out of 5		5 out of 5
Bill Cooper [1]	10 out of 11		5 out of 5	11 out of 11	
Monica McKendry [2]	2 out of 3				
Karen Roach [4]	4 out of 4		2 out of 2	3 out of 3	3 out of 3
Robert Herkes [5]	3 out of 3				4 out of 5

[1] Board Members appointment commenced 21 August 2023.
[2] Board Member appointment commenced 1 April 2024.
[3] Board Members who satisfy the Clinical Expertise requirement under section 23(4) of the HHBA.
[4] Board Administrator appointed by the Minister for Health and Ambulance Services under section 276 of the HHBA from 22 November 2022 until 20 August 2023. The Board Administrator was also appointed as a Board Adviser from 21 August 2023 to 24 November 2023 under section 44A of the HHBA.
[5] Board Adviser appointed by the Minister for Health and Ambulance Services under section 44A of the HHBA from 28 September 2022 until 27 September 2023 and 25 October 2023 to 27 December 2023.

Executive management

Ms Susan Gannon | Health Service Chief Executive

Susan commenced as Mackay HHS's Chief Executive in June 2023. She was previously Chief Executive Hospitals at Tasmanian Health Services for three years and the Executive Director Operations for three years. Prior to this, she was the statewide Executive Director Nursing and Midwifery. Susan has been on the board of directors for Women's Health Care Australia since 2014 and has worked in policy, quality and education in both the public and private sector. Her previous roles include several senior management positions, including medicine, emergency, cancer, surgical and women's and children's services.

Ms Susan Freiberg | ED Operations Mackay (acting)

Susan has been an executive leader in health for 15 years. Susan has demonstrated skills and expertise at managing whole of campus services functions and clinical service delivery. Susan has worked across various jurisdictions and across rural, regional, and tertiary sectors of the health system.

Susan holds qualifications in nursing, midwifery, Executive Master of Business Administration, leadership coaching, arbitration, and mediation. Susan has a passion for women's health, maternity services, paediatrics, and child health service delivery. She has held associate adjunct professor positions and collaborated on various research and innovation ideas. She is an active member of Women's Health Australasia.

Ms Alison Broadbent | ED Public Health and Rural Services (acting)

Ali is a registered nurse who brings over three decades of experience in the healthcare sector. Her career spans diverse roles in executive clinical and operational leadership across rural, regional, and metropolitan settings in Queensland and New South Wales. Ali recently served as the Executive Director of Nursing and Midwifery, Clinical Governance, and Clinical Executive Lead at Southern NSW Local Health District. Previously, she held the position of Director of Clinical Services at Mater Health in South-East Queensland.

Ali earned her undergraduate degree and Master of Nursing from the University of Southern Queensland. Currently, she is pursuing a Master of Health Administration at Monash University. Her primary focus lies in advancing the professions of nursing and midwifery, advocating for sustainable models and strategies to foster their growth.

Beyond her dedication to nursing and midwifery, Ali is deeply committed to enhancing clinical governance. She has spearheaded the development and implementation of frameworks that ensure excellence and deliver high-value patient outcomes across healthcare services, from ward management to board-level decision-making. Her approach underscores the importance of efficient operational planning in achieving these transformative healthcare goals.

Mr James William Jenkins | ED Nursing and Midwifery

James has over 20 years of nursing experience training at St Georges and Kingston London and has held a series of clinical roles inclusive of Emergency Department, Intensive Care Unit and Paediatrics and General Medical Nurse Practitioner. Prior to moving to Australia to undertake the position of Director of Nursing of Rockhampton Hospital, he held the position of Head of Nursing at St Marys Hospital Imperial NHS Trust London. James undertook work as Director of Nursing of Practice Innovation at the Office of the Chief Nursing and Midwifery Officer and led a number of election commitments. James has a strong passion for innovation and full scope of Nursing and Midwifery practice.

Dr Charles Pain | Chief Medical Officer

Charles has had a 40-year career in medicine as a clinician, public health physician, medical administrator, director of clinical governance, and health systems improvement program director. He has worked in four health systems and held director and executive positions at hospital, regional and jurisdictional level. He has led major health systems improvement programs such as the NSW Between the Flags Program and has a particular interest in improvement science and health systems improvement.

Charles is a Fellow of the UK Faculty of Public Health, the Australasian Faculty of Public Health Medicine, the Australasian College of Health Service Management, and the International Society for Quality in Health Care, and an Associate Professor at the Flinders University College of Medicine and Public Health.

Mr Martin Heads | ED Corporate Services and Chief Financial Officer (acting)

Martin has over 20 years of experience in the health sector having worked at all levels of the health system including within hospitals, health services and at departmental levels. He is a former Chief Financial Officer for Metro North HHS and acted as Chief Financial Officer for Wide Bay HHS during 2021.He is a chartered accountant and holds degrees in law and business.

Ms Raelene Eves | ED People and Culture

Raelene is an accomplished human resources and people and culture leader, bringing over 13 years of executive experience, primarily within the health, energy, and higher education sectors. She has been a key member of numerous senior leadership and executive teams, playing a pivotal role in driving strategic workforce initiatives, developing workforce strategies, implementing capability development programs, and leading organisational redesign efforts.

Her dedication to professional growth is exemplified by her fellowship and accreditation with the Australian Human Resources Institute. Raelene is also deeply committed to giving back to the community, actively participating in various volunteer committees and boards, where she provides invaluable industry advisory insights, strategic direction, and governance expertise. Raelene's educational background includes a Master in Business Administration with distinction, coupled with postgraduate qualifications in workplace relations and management. Her diverse skill set, combined with her hands-on experience and commitment to excellence, makes her a highly respected leader in the field of human resources and people management.

Ms Janet Geisler | ED Strategy and Governance

Janet has held senior and executive roles within public sector management, with extensive experience in leading strategy development and execution in complex environments with a proven record of adding value through the public health and community sectors. She is committed to driving strategies to enhance organisational performance, engagement, and governance. She has extensive experience in partnering across government, industry, and community with a strong commitment to improve the delivery of health and social care services for regional, rural, and remote communities.

Mrs Kerry Maley | ED Aboriginal and Torres Strait Islander Health and Community Engagement

Kerry has extensive experience in government, focusing on strategy development in the areas of Aboriginal and Torres Strait Islander health and wellbeing. Kerry has contributed to reconciliation in various sectors, including community development and Aboriginal healthcare. Kerry is committed to driving meaningful change for Aboriginal and Torres Strait Islander communities.

Kerry is dedicated to building strong partnerships with community to ensure programs and services are led by the Aboriginal and Torres Strait Islander community, for Aboriginal and Torres Strait Islander people. Kerry is a dedicated social worker and community champion who is passionate about driving health equity to deliver positive health and wellbeing outcomes for Aboriginal and Torres Strait Islander peoples.

Organisational structure and workforce profile

Minister for Health, Mental Health and Ambulance Services and Minister for Women

Department of Health
System Manager

Mackay Hospital and Health Board

Ms Helen Darch

Mrs Kerry Maley

Associate Professor Luke Lawton

Dr Peter O'Mara

Dr Maureen (Maude) Chapman

Mr William (Bill) Cooper

Ms Monica McKendry

Executive Committee

Finance Committee

Safety and Quality Committee

Audit and Risk Committee

Health Service Chief Executive Ms Susan Gannon
Executive Director **Operations Mackay** Ms Susan Freiberg (acting)
Executive Director **Public Health and Rural Services** Ms Alison Broadbent (acting)
Executive Director **Nursing and Midwifery** Mr James William Jenkins
Chief **Medical Officer** Dr Charles Pain
Executive Director **Allied Health** vacant
Executive Director **Corporate Services | Chief Financial Officer** Mr Martin Heads (acting)
Executive Director **People and Culture** Ms Raelene Eves
Executive Director **Strategy and Governance** Ms Janet Geisler
Executive Director **Aboriginal and Torres Strait Islander Health and Community Engagement** Mrs Kerry Maley

Strategic workforce planning and performance

Workforce Profile
Mackay HHS employs health professionals and support service staff. Medical, nursing, clinical and non-clinical support staff and volunteers work together to deliver quality care and service to the community. As at the last quarter in June 2024, Mackay HHS had:

Table 2: Total staffing

Total Staffing	
Headcount	3,550
Paid FTE	2,853.51

Table 3: Occupation types

Occupation Types by FTE	%
Corporate	6.60%
Frontline and Frontline Support	93.40%

Table 4: Appointment type

Appointment Type by FTE	%
Permanent	71.30%
Temporary	24.17%
Casual	4.43%
Contract	0.11%

Table 5: Employment status

Employment Status by Headcount	%
Full-time	47.49%
Part-time	44.45%
Casual	8.06%

Table 6: Gender

Gender	Headcount	%
Woman	2,939	82.79%
Man	567	15.97%
Non-binary	44	1.24%

*Table 7: Diversity target group data**

Diversity Groups	Headcount	%
Women	2,939	82.79%
Aboriginal and/or Torres Strait Islander	110	3.10%
People with disability	61	1.72%
Culturally and Linguistically Diverse – Speak a language at home other than English^	429	12.08%

* To ensure privacy, in tables where there are less than 5 respondents in a category, specific numbers should be replaced by < 5
^ This includes Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages spoken at home.

Table 8: Target group data for Women in Leaderships Roles

Women	*Headcount*	*%*
Senior Officers *(Classified ands122 equivalent combined)*	4	66.67%
Senior Executive Service and Chief Executives *(Classified and s122 equivalent combined)*	4	100%

The Mackay Hospital and Health Service Workforce Plan 2022-2024 recognises the critical role our workforce plays in enabling the achievement of the MHHS strategic objectives. The plan is aligned to the MHHS strategic objectives: Inspired People; the Employee Engagement Strategy 2020-2024; and the Our Mob Together Strong Health Equity Strategy 2022-2025. There are five (5) objectives under the Plan as outlined:

- Valued, empowered and accountable staff
- Diverse, capable, and agile workforce
- Safe, caring, and supported culture
- Healthy staff who inspire others
- Engaged staff embracing opportunities for change and improvement

Key focus areas in 2023-24 include:

Attract, develop and retain
During 2023-2024, Mackay HHS progressed the following initiatives to attract, develop and retain staff:

- leadership programs have continued, with eight (8) programs delivered in partnership with the Centre for Leadership Excellence.
- reintroduced entry and exit interview surveys to determine overall experience working for Mackay HHS.
- progressed new contemporary attraction and recruitment marketing tools, including digital modes and promotion of careers at Mackay HHS at various and select career fairs and conferences.
- developed a new annual Employee Engagement Survey named “Your Voice Matters” for 2024.
- recognition and reward celebration activities such as long service awards, excellence awards, and monthly values champion awards.
- a role dedicated to candidate care when recruiting, with a particular focus in supporting relocating staff.

Mackay HHS has continued its commitment to “grow our own” through training and graduate programs including:
- nursing graduate intake program across MHHS facilities, including rural facilities.
- Allied Health Rural Generalist Pathway.
- medical graduate (intern) intake program across Mackay, Proserpine and Bowen hospitals.
- a workplace-based assessment program, offered through Mackay Hospital, which delivers continuous assessment of an international Medical Graduate’s skills in a hospital setting over the course of a year, rather than in a one-off exam.
- Medical Training program, in partnership with James Cook University and Learned Colleges.
- School-based Traineeship positions with the ‘Budyubari Bidyiri Kebi Stapal’ (Big Dream, Small Steps) program with participating high schools in Mackay, Sarina, Mirani and Calen.

Employee Health and Wellbeing Program
The Employee Health and Wellbeing Program supports staff to be healthy and active within the workplace and beyond. The program ensures that a holistic framework is adopted with the consideration of workforce health wellbeing needs in mind. Providing a platform around healthy lifestyle ensures employees are provided with opportunities to engage in various programs that address their physical, emotional, financial, and social health and wellbeing.

Initiatives include:
- R U OK health promotion and campaign
- 2,109 staff and their family members are members of Fitness Passport
- financial wellbeing information as part of the Orientation Program.
- the peer support program, which enables responders to reach out to peers and support staff wellbeing.
- welcomed the first cohort of sexual harassment contact officers in support of positive workplace culture, free from sexual harassment and promoting gender equity.
- ‘High Value Conversations’ training to empower employees to have open conversations respectfully, with 50 per cent of employees having completed the training.
- continued training for frontline and non-frontline staff in MAYBO, an occupational violence reduction method, which focusses on prevention through improved communication and situational awareness.
- proactive promotion of employee assistance program services.

Flexible Working Arrangements
Mackay HHS is committed to the provision of flexible work arrangements such as part-time work. At 30 June 2024, 52.6 per cent of permanent staff had part-time working arrangements. Mackay HHS regularly promotes flexible working arrangements and supports both line managers and employees to understand what options are available.

Performance Management and Development
The Professional Performance and Development plan process assists employees to have meaningful and productive career discussions. Participating in leadership training for clinical and non-clinical staff, as well as High Value Conversations, provides skills to support engaging with the performance management and development processes. Mackay HHS continued to partner with Queensland Health’s Clinical Planning and Service Strategy Department to focus on leadership training for clinical and non-clinical staff.

Industrial and Employee Relations Framework
Mackay HHS respects and values its relationships with local unions. A series of regular consultative forums are held to facilitate productive partnerships with industrial representatives. These include the Hospital and Health Service Consultative Forum, local consultative forums and Nursing and Midwifery Consultative Forum.

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

Mackay HHS is committed to the Queensland Government’s employment security principles, with a key principle being employment security. The principles are set out in the *Public Sector Act 2022* and Queensland Health Human Resources policies. The employment security considerations are applied when employees affected by performance improvement initiatives or organisational change are offered maximum employment opportunities,

which includes retraining, deployment, and redeployment. Only after these avenues have been explored will voluntary early retirement be considered.

Open Data

Mackay HHS has Open Data to report on Consultancies and Queensland Language Services Policy and the data can be found on the Queensland Government Open Data Portal (https://www.data.qld.gov.au/). Mackay HHS has no Open Data to report on Overseas Travel.

Our risk management

Mackay HHS is committed to managing risk in a proactive, integrated, and accountable manner. Mackay HHS's risk management practices recognise and manage risks and opportunities in a balanced manner. Risk is an inherent part of Mackay HHS's operating environment. Risk management activities are incorporated into strategic planning, governance reporting and operational processes.

Mackay HHS has a risk management procedure and integrated Risk Management Framework based on the Australian/New Zealand ISO Standard 31000:2018 Risk Management - guidelines. The procedure and framework outline Mackay HHS's intent, roles, responsibilities, and implementation requirements. Mackay HHS's Risk Management Framework defines the processes for risk identification, recording, rating, key controls identification, determination of risk treatment required and regular monitoring and reporting of risks.

Risks are controlled within the financial and management accountabilities of each position. Significant risks are reported to the MHHB and the Audit and Risk Committee on a regular basis.

The HHBA requires annual reports to state each direction given by the Minister to Mackay HHS during the financial year and the action taken by Mackay HHS as a result of the direction. During the 2023-2024 period, one direction was given by the Minister to Mackay HHS in relation to a Crisis Care Process. As a result, Mackay HHS is updating the local policy and guidelines to implement a clinical care process and pathway; has arranged training for staff to conduct forensic medical examinations and implemented the reporting requirements for Mackay Base Hospital, in accordance with the direction.

Internal audit

Internal audit is an integrated component of corporate governance, promoting efficient management and assisting in risk management. Internal audit is an independent and objective assurance activity designed to improve the governance of Mackay HHS providing reports to the Audit and Risk Committee for the effective, efficient, and economical operation of the health service. The Internal Audit Unit has a central role in improving operational processes and financial practices by:

- assessing the effectiveness and efficiency of Mackay HHS's financial and operating systems, reporting processes and activities.
- identifying operational deficiencies and non-compliance with legislation or prescribed requirements.
- assisting in risk management and identifying deficiencies in risk management.
- bringing a broad range of issues to management's attention, including performance, efficiency, and economy.
- monitoring whether agreed remedial actions have been undertaken.

Audit reports include recommendations to address findings and significant business improvement opportunities, with all audit reports reviewed and monitored by the Audit and Risk Committee.

External scrutiny, information systems and recordkeeping

External scrutiny

Mackay HHS's operations are subject to regular scrutiny from external oversight bodies. These include, but are not limited to, Australian Council on Healthcare Standards, Australian Health Practitioner Regulation Authority, Coroner, Crime and Corruption Commission, Office of the Health Ombudsman and Queensland Audit Office (QAO).

As a public sector entity, Mackay HHS is subject to an annual audit by the QAO. As at 30 June 2024, there were no known significant issues/findings during the reporting period.

Information systems and recordkeeping

Mackay HHS is committed to maintaining public trust in how we handle, protect, and disclose personal and sensitive information.

Mackay Base Hospital, Sarina and Bowen hospitals use the integrated electronic Medical Record (ieMR), while the Proserpine, Moranbah, Dysart, Clermont, and Collinsville facilities have paper-based records with view-only access to ieMR, with a planned rollout of the ieMR to all sites by the end of 2024. This enables simultaneous access to

information by multiple users and assists in the coordinated care of patients. All system access is controlled and logged, and audit trails are regularly monitored.

Mackay HHS aims to protect the privacy and confidentiality of both patient and staff information. All access to and disclosure of clinical and corporate records is in accordance with the *Information Privacy Act 2009, Right to Information Act 2009* and HHBA. Privacy awareness communications and in-service training are available to all staff, including the online privacy training provided by the Office of the Information Commissioner.

Mackay HHS is responsible for the management and safe custody of administrative records in accordance with the Records Governance Policy and *Public Records Act 2002*. Systems are in place to ensure clinical source documentation and paper records are appropriately stored, easily located, and accessible when required and secured from unauthorised access.

Health Information Services provides guidance for retention and destruction of records in accordance with the *Health Sector (Clinical Records) Retention and Disposal Schedule*, *Health Sector (Corporate Records) Retention and Disposal Schedule* and *General Retention and Disposal Schedule for Administrative Records.*

Information security attestation
During the 2023-2024 financial year, the Mackay HHS have an informed opinion that information security risks were actively managed and assessed against the Mackay HHS's risk appetite with appropriate assurance activities undertaken in line with the requirements of the Queensland Government Enterprise Architecture (QGEA) Information security policy (IS18:2018).

Queensland Public Service ethics and values

The *Public Sector Ethics Act 1994* outlines the principles fundamental to good public administration. The *Public Sector Ethics Act 1994* and the *Public Sector Act 2024* define Mackay HHS as a public service agency. The Code of Conduct for the Queensland Public Service describes how government employees should conduct themselves in the delivery of services to the Queensland community and applies to employees, volunteers, students, contractors and consultants working for Mackay HHS.

Mackay HHS is committed to upholding the principles of the Code of Conduct for the Queensland Public Service, consisting of:
- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

Each principle is strengthened by a set of values and standards of conduct describing the behaviour that will demonstrate that principle. All Mackay HHS employees are required to undertake training in the Code of Conduct for the Queensland Public Service during their induction and in orientation sessions. Staff are required to refresh their understanding of the Code of Conduct annually and follow any changes (via online training).

Mackay HHS is committed to upholding the Queensland Public Service values. Queensland's public sector has five organisational values to support this goal. The values are the building blocks for our workplace culture and our own HHS specific values and related behaviours.

Human Rights

In 2023-2024, Mackay HHS had no complaints where *Human Rights Act 2019* provisions were considered.

Mackay HHS is committed to decisions relating to the workforce being compatible with human rights.

Mackay HHS continues to work towards achieving human rights culture across the health service in the seven indicators identified by the Human Rights Commissioner:
- staff awareness, education, and development.
- community consultation and engagement about human rights.
- awareness raising and supporting for related entities.
- reviews and development of legislation or subordinate legislation.
- review of policies and procedures.
- internal complaint management for human rights complaints.
- future plans.

Some of the initiatives undertaken by Mackay HHS include:
- continue to review and improve communication, onboarding, and training of staff
- take steps to include community consultation and engagement with stakeholders, clients, or consumers about human rights through the appropriate forums

- raise awareness of human rights with entities engaged by the health service
- review of the consumer feedback complaint, compliment, and suggestion procedure to include steps on identifying, considering, and responding to human rights complaints

Confidential information

The *HHBA* requires annual reports to state the nature and purpose of any confidential information disclosed in the public interest during the financial year. The Chief Executive did not authorise the disclosure of confidential information during the reporting period.

Performance

Non-financial Performance

The table below provides a snapshot of how Mackay HHS is tracking against the strategic priorities and key performance indicators outlined in the 2020-2024 strategic plan.

Strategic Objectives	Key Performance Indicators	Results/Achievements
Inspired People	• Progress on staff engagement survey results • Decreased time to recruit • Increased retention (reduced turnover) • Decreased lost time injury frequency rate • Reduced percentage of agency nurse and medical locum annual spend	• The Mackay HHS has developed a new annual Employee Engagement Survey, 'Your Voice Matters'. The survey will be rolled out in the health service in 2024-2025. • The average time to recruit staff has reduced across medical (29 per cent); nursing (6 per cent) and allied health (10 per cent). It is recognised that attraction and retention of staff is more challenging in regional and rural areas and the health service is actively working to grow a pipeline of clinical staff through a 'Grow Our Own' skilled workforce, as well as actively pursuing international recruitment drives to increase our skilled workforce. A dedicated nursing recruitment hub has also been designed to support enhanced recruitment timeframes. • Lost time injury frequency rate increased to 11.99 million hours worked in 2023-2024 (compared to 8.25/million hours worked for 2022-2023), however is consistent with earlier years. The health service continues to focus on increased education and awareness for safe practices. • An increase of 17 per cent agency nurse and 37.5 per cent medical locum annual spend is linked to national workforce shortages and is crucial to continue the delivery of clinical services to the community.
Exceptional Patient Experience	• Maintained and improved National Safety and Quality health service indicators • Improved patient experience survey satisfaction rates including cultural appropriateness • Reduced wait times for elective surgery, emergency admissions and specialist outpatient clinics • Increased uptake rates of alternatives to hospital care	• Mackay HHS maintained its accreditation with the Australian Council on Healthcare Standards. • Inpatient Reported Experience Measures surveys completed across Mackay HHS have surpassed previous year consumer satisfaction ratings with 90 per cent of consumers reporting their overall rating of care as 'very good' or 'good' in 2023-2024 (an increase from 88 per cent in previous year). There was a slight decrease in results from previous year with 89 per cent of patients reported that culturally appropriate resources were available to them and 51 per cent of patients who identified as Aboriginal and/or Torres Strait Islander reported being offered support from an Aboriginal and Torres Strait Islander health worker. • The Mackay HHS performed 2,935 elective surgeries in 2023-2024. There was a 10 per cent increase in the number of the most urgent elective surgery patients (category 1) being treated within clinically recommended times, compared to 2022-2023. This is in the context of an overall increase in referrals for elective surgery of 12 per cent. • In 2023-2024, there were over 107,000 emergency presentations with a 10 per cent increase in the most urgent category 1 and 2 patients. Results showed overall 92 per cent of all emergency presentations were seen in time (1 per cent increase from 2022-2023). • All targets were achieved for emergency department presentations seen within recommended timeframes – 100 per cent for Category 1; 97 per cent for Category 2; 88 per cent for Category 3; 93 per cent for Category 4 and 98 per cent for Category 5. • In 2023-2024, more than 23,600 patients received their initial specialist outpatient appointment, an increase of 13 per cent overall compared to previous year. There was a 10 per cent increase overall for patients seen within clinically recommended timeframes, with an 11 per cent increase in

Strategic Objectives	Key Performance Indicators	Results/Achievements
		referrals. For category 1 patients, 63 per cent of patients were seen within clinically recommended timeframes. • Mackay HHS treated a total of 3,487 gastrointestinal endoscopy patients in 2023-2024. Overall, this was an increase of 13 per cent in the total gastrointestinal endoscopies performed in comparison to 2022-2023. There was an increase of 28 per cent endoscopies performed for category 4 (most urgent) patients. • Uptake rates of alternatives to hospital care continues to increase through the expansion of the Hospital in the Home model of care, with a total of 688 discharges from the service in 2023-2024.
Excellence in Integrated Care	• Improved results in our Aboriginal and Torres Strait Islander Closing the Gap targets • Reduced number of potentially preventable hospitalisations • Increased telehealth and other digital health solutions	• Mackay HHS progressed the implementation of the 'Our Mob Together Strong Health Equity Strategy', working together with First Nations people throughout the Mackay HHS to progress health equity for First Nations peoples. • In line with the strategy, activities to improve First Nations peoples' health outcomes, as well as access to care across the system included establishing a 2024-2026 Health Equity Advisory Group with a diverse group of Aboriginal and Torres Strait Islander people to provide advice and leadership on health equity activities. • Potentially preventable hospitalisations result as of March 2024 for First Nations peoples was 436, a slight positive decrease from 439. • Telehealth usage increased by 17 per cent in 2023-2024 to 19,555 outpatient occasions of service events.
Sustainable Service Delivery	• Reduced health service average cost per weighted activity unit • Increased staff engagement in research and evaluation collaborations • Increased retention of junior clinical staff • Positive financial operating results achieved	• The estimated cost per weighted activity unit increased by 5.9 per cent to $6,264 compared to the previous year (Q3 2023-2024). This variation is due to a range of factors and is largely attributable to workforce costs, with high use of nursing agency and locum (doctor) due to national workforce shortages, as well as increased maintenance and overall inflation costs. • Mackay Institute of Research and Innovation is a research, implementation, and innovation centre within the Mackay HHS. Mackay Institute of Research and Innovation approved a total of 14 grants for staff during 2023-2024, with a total of 245 academic support opportunities provided to staff. • Mackay HHS achieved an overall retention rate of 50 per cent for all junior medical officers for 2023-2024. • Reportable operating position deficit of $3.7 million. This is an improvement on the previous financial year and supported by the financial sustainability program.

Service standards

The Mackay HHS is operating in a context of increased emergency department presentations, increased referrals for specialist outpatient appointments, gastroenterology, and elective surgery, coupled with sustained high numbers of people in hospital for extended periods awaiting other supports, including nursing home placement.

Notwithstanding these demand challenges, the health service's focus has included improving patient flow and reducing the number of patients waiting for elective (planned) care. The variances between the targeted and the actual results for service delivery can largely be attributed to workforce shortages, as well as prioritising the treatment of the most clinically urgent patients. In 2023-2024, more patients have been treated in those urgent categories across specialist outpatients, elective surgery, and gastroenterology. These focus areas have been supported by the Department of Health's investment in emergency (unplanned) and elective (planned) care initiatives. The Better Care Together mental health funding has supported the improvement in delivery of care in the right setting, where possible. Early intervention programs have enabled more people to be seen in the community and supported early in partnership with our non-government and primary care partners.

The variation in the cost of weighted activity units is due to a range of factors. These include workforce costs, with high use of nursing agency and locum (doctor) due to national workforce shortages, as well as overall inflation costs.

Table 9: Service Delivery Statement

Service Standards	2023-2024 Target	2023-2024 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes [1]		
• Category 1 (within 2 minutes)	100%	100%
• Category 2 (within 10 minutes)	80%	97%
• Category 3 (within 30 minutes)	75%	88%
• Category 4 (within 60 minutes)	70%	93%
• Category 5 (within 120 minutes)	70%	98%
Percentage of emergency department attendances who depart within four hours of their arrival in the department	>80%	72%
Percentage of elective surgery patients treated within the clinically recommended times		
• Category 1 (30 days)	>98%	83%
• Category 2 (90 days) [1]	..	44%
• Category 3 (365 days) [1]	..	30%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days [2]	≤1.0	0.5
Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit [3,4]	>65%	52.4%
Proportion of re-admissions to acute psychiatric care within 28 days of discharge [4]	<12%	14.6%
Percentage of specialist outpatients waiting within clinically recommended times [5]		
• Category 1 (30 days)	70%	52%
• Category 2 (90 days) [6]	..	32%
• Category 3 (365 days) [6]	..	51%
Percentage of specialist outpatients seen within clinically recommended times [9]		
• Category 1 (30 days)	81%	63%
• Category 2 (90 days) [6]	..	31%
• Category 3 (365 days) [6]	..	87%
Median wait time for treatment in emergency departments (minutes) [7]	..	9
Median wait time for elective surgery treatment (days)	..	34
Efficiency measures		
Average cost per weighted activity unit for Activity Based Funding facilities [8]	$5,297	$6,264
Other measures		
Number of elective surgery patients treated within clinically recommended times [2, 12]		
• Category 1 (30 days)	1,474	1,301
• Category 2 (90 days) [1]	..	446
• Category 3 (365 days) [1]	..	109
Number of Telehealth outpatients service events [9]	18,236	19,555

Service Standards	2023-2024 Target	2023-2024 Actual
Total weighted activity units (WAU) [10]		
• Acute Inpatients	48,048	48,389
• Outpatients	12,033	12,726
• Sub-acute	4,800	5,914
• Emergency Department	16,076	14,416
• Mental Health	3,844	3,448
• Prevention and Primary Care	1,438	1,627
Ambulatory mental health service contact duration (hours) [4]	>27,854	23,879
Staffing [11]	2,748	2,853.51

Notes:

1 Treated in time performance Targets for category 2 and 3 patients are not applicable for 2023–2024 due to the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery. The targets have been reinstated for 2024–2025.
2 Staphylococcus aureus (including MRSA) bloodstream (SAB) infections 2023–2024 Actual rate is based on data from 1 July 2023 to 31 March 2024 as at 14 May 2024.
3 Previous analysis has shown similar rates of follow up for both Indigenous and non–Indigenous Queenslanders are evident, but trends are impacted by a smaller number of separations for Indigenous Queenslanders.
4 Mental Health data is as at 19 August 2024, Count relates to instances where a consumer participated face-to-face (that is, in person or via videoconference) and does not count telephone contact or attempts to engage the consumer.

5 Waiting within clinically recommended time is a point in time performance measure. 2023–2024 Actual is as at 1 July 2024.
6 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, it is expected that higher proportions of patients seen from the waitlist will be long wait patients and the seen within clinically recommended time percentage will be lower. To maintain the focus on long wait reduction, the targets for category 2 and 3 patients are not applicable.
7 There is no nationally agreed target for this measure, and the median wait time varies depending on the proportion of patients in each urgency category.
8 Cost per WAU is reported in QWAU Phase Q26 and is based on data available on 19 August 2024. 2023–2024 Actual includes in-year funding, e.g. Cost of Living Allowance (COLA), Enterprise Bargaining uplift, Special Pandemic Leave payment, and additional funding for new initiatives.
9 Telehealth 2023–2024 Actual is as at 20 August 2024.
10 All measures are reported in QWAU Phase Q26. The 2023–2024 Actual is based on data available on 19 August 2024. As the Hospital and Health Services have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to the Target can occur.
11 Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments. 2023–2024 Actual is for pay period ending 23 June 2024.

Financial summary

Mackay HHS has recorded a financial deficit of $3.7 million for the year ending 30 June 2024. This is compared to the financial deficit in 2022-2023 of $6.4 million incurred by Mackay HHS.

Mackay HHS will continue to focus on robust financial stewardship to ensure the best value for the State's investment.

Income

Mackay HHS's income is sourced from three major areas:

- Public health services funding.
- Own source revenue including user charges.
- Australian Government funding.

Mackay HHS total income was $685.0 million which includes:

- activity based funding for hospital services was 61 per cent or $419.1 million.
- Australian Government grant funding was 11 per cent or $76 million.
- block funding was 11 per cent or $77.2 million.
- user charges comprising patient and non-patient funding was 7 per cent or $49.4 million.
- other grant funding was 3 per cent or $18.7 million.
- other revenue (including depreciation funding) was 7 per cent or $44.6 million.

Expenses

The total expenses were $689 million, an average of $1.9 million a day for providing health services.

Labour costs within Mackay HHS make up approximately 63 per cent of expenditure with the remaining 37 per cent being non-labour costs such as supplies, services, and depreciation charges.

These services include clinical supplies, electricity, pathology services, prosthetics, repairs, and maintenance, outsourced medical services, communications, patient travel costs and medication.

Table 10: Mackay HHS service allocations

Where the money goes	%
Admitted patient services in acute care institutions	49.5%
Other community health services	16.4%
Non-admitted patient services in acute care institutions	15.1%
Mental health includes community services	6.8%
Health administration	5.6%
Nursing homes for the aged	2.7%
Public health services	2.2%
Patient transport	1.8%

Anticipated maintenance

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

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

As of 30 June 2024, the Mackay HHS had reported anticipated maintenance of $20,129,228.

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

- progressing funding applications from Queensland Health's Sustaining Capital Budget for prioritised work packages.
- progressively increasing the operational maintenance budget in the annual budget build.
- Moranbah facility new build expected to eliminate deferred maintenance on old facility.
- The opening of the Sarina facility new build eliminated the deferred maintenance on the old facility and the subsequent refurbishment of the old facility project will provide an opportunity to reset any maintenance required. identify current and forecast issues in the Strategic Asset Management Plan.
- continue to address emergent issues within existing funding constraints.

Mackay Hospital and Health Service

ABN 87 427 896 923

Financial Statements

For the year ended 30 June 2024

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Mackay Hospital and Health Service
Statement of Comprehensive Income
For the year ended 30 June 2024

OPERATING RESULT	Notes	2024 $'000	2023 $'000
Income			
User charges and fees	B1-1	49,436	44,301
Funding public health services	B1-2	612,093	556,000
Grants and other contributions	B1-3	18,684	18,206
Other revenue	B1-4	4,823	6,448
Total Revenue		685,036	624,955
Revaluation increment	B1-5	-	1,313
Total Income		**685,036**	**626,268**
Expenses			
Employee expenses	B2-1	64,943	60,194
Health service employee expenses	B2-2	371,838	352,732
Supplies and services	B2-3	196,747	164,888
Depreciation and amortisation	C5 & C9	39,817	38,909
Other expenses	B2-4	15,379	15,987
Total Expenses		**688,724**	**632,710**
Operating (Deficit)		**(3,688)**	**(6,442)**
Other Comprehensive Income			
Items Not Reclassified to Operating Result			
Increase in Asset Revaluation Surplus	C5-2	37,704	60,060
Other Comprehensive Income		**37,704**	**60,060**
Total Comprehensive Income		**34,016**	**53,618**

The accompanying notes form part of these financial statements.

Mackay Hospital and Health Service
Statement of Financial Position
As at 30 June 2024

	Note	2024 $'000	2023 $'000
Current Assets			
Cash and cash equivalents	C1	18,443	19,856
Receivables	C2	6,425	5,068
Inventories	C3	4,612	4,642
Other assets	C4	19,033	16,796
Total Current Assets		**48,513**	**46,362**
Non-Current Assets			
Property, plant and equipment	C5	484,088	431,198
Right-of-use assets	C9	1,194	937
Total Non-Current Assets		**485,282**	**432,135**
Total Assets		**533,795**	**478,497**
Current Liabilities			
Payables	C6	48,770	40,291
Accrued employee benefits	C7	2,489	12,602
Lease liabilities	C9	535	695
Other liabilities	C8	14,538	5,291
Total Current Liabilities		**66,332**	**58,879**
Non-Current Liabilities			
Lease liabilities	C9	680	249
Total Non-Current Liabilities		**680**	**249**
Total Liabilities		**67,012**	**59,128**
Net Assets		**466,783**	**419,369**
Equity			
Contributed equity		279,485	266,087
Accumulated surplus		10,624	14,312
Asset revaluation surplus	C10-2	176,674	138,970
Total Equity		**466,783**	**419,369**

The accompanying notes form part of these financial statements.

Mackay Hospital and Health Service
Statement of Changes in Equity
For the year ended 30 June 2024

	Note	Contributed equity Note C10-1 $'000	Accumulated surplus $'000	Asset revaluation surplus Note C10-2 $'000	Total equity $'000
Balance at 1 July 2022		284,587	20,754	78,910	384,251
Operating Result		-	(6,442)	-	(6,442)
Other Comprehensive Income					
Increase in asset revaluation surplus		-	-	60,060	60,060
Total Comprehensive Income for the Year		-	(6,442)	60,060	53,618
Transactions with Owners as Owners:					
Net assets transferred in/(out)	C5-2	445	-	-	445
Equity injections		19,964	-	-	19,964
Equity withdrawals - Depreciation Funding		(38,909)	-	-	(38,909)
Net Transactions with Owners as Owners		(18,500)	-	-	(18,500)
Balance at 30 June 2023		**266,087**	**14,312**	**138,970**	**419,369**
Balance at 1 July 2023		266,087	14,312	138,970	419,369
Operating Result		-	(3,688)	-	(3,688)
Other Comprehensive Income					
Increase in asset revaluation surplus			-	37,704	37,704
Total Comprehensive Income for the Year		-	(3,688)	37,704	34,016
Transactions with Owners as Owners:					
Net assets transferred in/(out)	C10	32,717	-	-	32,717
Equity injections	E4-1	20,498	-	-	20,498
Equity withdrawals - Depreciation Funding		(39,817)		-	(39,817)
Net Transactions with Owners as Owners		13,398	-	-	13,398
Balance at 30 June 2024		**279,485**	**10,624**	**176,674**	**466,783**

The accompanying notes form part of these financial statements.

Mackay Hospital and Health Service
Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Inflows			
User charges and fees		48,600	46,235
Funding public health services		569,600	507,431
Grants and other contributions		13,804	12,560
GST input tax credits from ATO		13,294	11,182
GST collected from customers		808	827
Other receipts		4,794	6,048
		650,900	**584,283**
Outflows			
Employee expenses		(75,055)	(48,369)
Health service employee expenses		(370,477)	(351,201)
Supplies and services		(189,710)	(160,311)
GST paid to suppliers		(13,663)	(11,244)
GST remitted to ATO		(816)	(853)
Other payments		(1,049)	(10,225)
		(650,770)	**(582,203)**
Net cash from/(used by) operating activities	CF-1	**130**	**2,080**
Cash flows from investing activities			
Inflows			
Proceeds from sale of Property, plant and equipment	C5-2	300	417
Outflows			
Payments for property, plant and equipment	C5-2	(21,576)	(22,156)
Net cash from/(used by) investing activities		**(21,361)**	**(21,739)**
Cash flows from financing activities			
Inflows			
Equity injections	E4-1	20,498	19,964
Outflows			
Lease payments	CF-2	(785)	(643)
Net cash from/(used by) financing activities		**19,713**	**19,321**
Net increase/(decrease) in cash and cash equivalents		**(1,413)**	**(338)**
Cash and cash equivalents at the beginning of the financial year		19,856	20,194
Cash and cash equivalents at the end of the financial year	C1	**18,443**	**19,856**

The accompanying notes form part of these statements.

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 RECONCILIATION OF OPERATING RESULT TO NET CASH FROM OPERATING ACTIVITIES

	Note	2024 $'000	2023 $'000
Operating Result		(3,688)	(6,442)
Non-cash movements:			
Depreciation and amortisation		39,817	38,909
Depreciation funding	B1-2	(39,817)	(38,909)
Services Received Free of Charge	B1-3	4,682	4,462
Services Provided Below Fair Value		(4,682)	(4,462)
Reversal of valuation decrement	B1-5	-	(1,313)
Net (gain)/loss on disposal		22	74
Impairment losses		(678)	(485)
Donated assets		(253)	(1,176)
Changes in assets and liabilities:			
(Increase)/decrease in receivables		(557)	(499)
(Increase)/decrease in GST receivables		(369)	(62)
(Increase)/decrease in inventories		285	(573)
(Increase)/decrease in contract assets and other assets		(2,389)	(5,964)
(Increase)/decrease in prepayments		152	460
Increase/(decrease) in accounts payable		7,118	4,655
Increase/(decrease) in accrued contract labour		1,361	1,531
Increase/(decrease) in contract and other liabilities		9,247	75
Increase/(decrease) in accrued employee benefits		(10,113)	11,825
Increase/(decrease) in GST payable		(8)	(26)
Net cash from/(used by) operating activities		**130**	**2,080**

CF-2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	2024 $'000	2023 $'000
Lease liabilities			
Balance at 1 July	C9	944	308
Non-cash movements:			
New leases during the year		951	1,283
Remeasurement		105	(4)
Cashflows:			
Lease repayments		(784)	(643)
Balance at 30 June		**1,216**	**944**

Assets received or liabilities donated/transferred by Hospital and Health Service to agencies outside of the State Health portfolio agencies are recognised as revenues (refer Note B1-3) or expenses as applicable.

Assets received or liabilities transferred by Hospital and Health Service because of Machinery-of-Government, or administrative arrangements are set out in the Statement of Changes in Equity and Note C10-1.

PREPARATION INFORMATION

GENERAL INFORMATION

The Mackay Hospital and Health Service (referred to as MHHS or Hospital and Health Service or Mackay HHS) was established on 1st July 2012 as a statutory body under the *Hospital and Health Boards Act 2011* and is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of MHHS is Mackay Base Hospital, 475 Bridge Road, MACKAY QLD 4740.

For information in relation to the MHHS' financial statements, please visit the website www.health.qld.gov.au/mackay.

COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Mackay Hospital and Health Service has prepared these financial statements in compliance with section 62 (1) of the *Financial Accountability Act 2009* and section 39 of the *Financial and Performance Management Standard 2019.* The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2023.

The Hospital and Health Service is a not-for-profit statutory body, and these general-purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note G3.

PRESENTATION

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Due to rounding, totals may not add exactly.

Comparatives

Comparative information reflects the audited 2022-23 financial statements.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or MHHS does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chair of the Hospital and Health Service, the Chief Executive and the Executive Director, Corporate Services at the date of signing the Management Certificate.

On 18 August 23, the Minister for Health, Mental Health and Ambulance Services and Minister for Women announced the appointment of a new Board consisting of six members. The new Board took over from the Mackay HHS administrator Karen Roach (appointed on 5 December 2022).

BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- Land and buildings which are measured at fair value.
- Inventories which are measured at cost, adjusted when applicable for any loss in service potential; and
- Lease liabilities which are measured at net present value of lease payments over the lease term.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

GENERAL INFORMATION

General Information (continued)

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following two approaches in MHHS:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, or
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.

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

BASIS OF MEASUREMENT (continued)

Present Value

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

Net realisable value

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

THE REPORTING ENTITY

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

SECTION A

HOW WE OPERATE – OUR OBJECTIVES AND ACTIVITIES

A1 OBJECTIVES OF MHHS

The Mackay HHS is responsible for providing primary health, community and public health services in the area assigned under the *Hospital and Health Boards Regulation 2012*. This includes responsibility for the direct management of hospitals in Mackay, Proserpine, Bowen, Moranbah, Dysart, Collinsville, Clermont, and Sarina including outpatient and primary care clinics.

Funding is obtained predominantly through the purchase of health services by the Department of Health on behalf of both the State and Australian Governments. In addition, health services are provided on a fee for service basis mainly for private patient care.

A2 OTHER RELATED ENTITIES

The Mackay Hospital and Health Service has no wholly owned controlled entities nor indirectly controlled entities.

A2-1 DISCLOSURES ABOUT OTHER RELATED ENTITIES

North Queensland Primary Healthcare Network Limited

North Queensland Primary Healthcare Network Limited (NQPHNL) was established as a public company limited by guarantee on 21 May 2015. Mackay Hospital and Health Service is one of fourteen members along with Cairns and Hinterland Hospital and Health Service, Townsville Hospital and Health Service, Townsville Aboriginal and Islander Health Service (TAIHS), Torres and Cape Hospital and Health Service, The Pharmacy Guild of Australia (Queensland Branch), the Australian College of Rural and Remote Medicine (ACRRM), Northern Aboriginal and Torres Strait Islander Health Alliance (NATSIHA), Queensland Alliance for Mental Health, CheckUP, Australian Primary Healthcare Nurses Association(APNA), selectability, The Royal Australian College of General Practitioners (RACGP) and the Health Workforce Queensland, with each member holding one voting right in the company.

The principal place of business of NQPHNL is Cairns, Queensland. The Company's principal purpose is to collaborate with general practitioners, other Primary Health Care providers, community health services, pharmacists, and hospitals in North Queensland to improve and coordinate Primary Health Care across the local health system for patients requiring care from multiple providers.

As each member has the same voting entitlement (7%), it is considered that none of the individual members has power or significant influence over NQPHNL (as defined by AASB 10 *Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures*). Each member's liability to NQPHNL is limited to $10 million. NQPHNL is legally prevented from paying dividends to its members and its constitution also prevents any income or property of the Company being transferred directly or indirectly to or amongst the Members.

As NQPHNL is not controlled by Mackay HHS and is not considered a joint operation or an associate of Mackay HHS, financial results of NQPHNL are not required to be disclosed in these statements.

Tropical Australia Academic Health Centre Limited

Tropical Australia Academic Health Centre Limited (TAAHCL) was established as a public company limited by guarantee on 3 June 2019. Mackay Hospital and Health Service is one of eight members along with Cairns and Hinterland Hospital and Health Service, James Cook University including Australian Institute of Tropical Health and Medicine, North Queensland Primary Healthcare Network Limited, North West Hospital and Health Service, Torres and Cape Hospital and Health Service, Townsville Hospital and Health Service and Queensland Aboriginal and Islander Health Council, with each member holding two voting rights in the company.

The principal place of business of TAAHCL is James Cook University, Queensland. The Company's principal purpose is the advancement of health through the promotion of the study and research of health topics of special importance to people living in the tropics.

As each member has the same voting entitlement (12.5%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 *Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures*). Each member's liability to TAAHCL is limited to $10 million. TAAHCL is legally prevented from paying dividends to its members and its constitution also prevents any income or property of the Company being transferred directly or indirectly to or amongst the Members.

As TAAHCL is not controlled by Mackay HHS and is not considered a joint operation or an associate of Mackay HHS, financial results of TAAHCL are not required to be disclosed in these statements.

SECTION B
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 USER CHARGES AND FEES

	2024	*2023*
	$'000	*$'000*
Revenue from contracts with customers		
Pharmaceutical Benefit Scheme	20,876	19,087
Sales of goods and services	1,439	1,381
Capital & Research Projects	3,099	1,618
Hospital fees	24,022	22,215
	49,436	**44,301**

Accounting Policy – Revenue from contracts with customers (User Charges)
Revenue from contracts with customers is recognised when MHHS transfers control over a good or service to the customer, when performance obligations are satisfied and measured at the amount of the transaction price allocated to the performance obligation. Where consideration is received for performance obligations to be satisfied in the following year, revenue is deferred with a contract liability being recognised.

The table below provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms and revenue recognition for MHHS's user charges 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
Pharmaceutical Benefits Scheme		
Pharmaceutical benefits scheme (PBS) - public hospital patients can access medicines listed on the PBS if they are being discharged or attending outpatient day clinics and admitted receiving chemotherapy treatment. Medicare Australia reimburses the cost of the pharmaceutical items at the agreed wholesale price. Patients generally pay a co-payment which is deducted from the Commonwealth reimbursement price.	MHHS's obligation under the arrangement is the distribution of medication to patients at the reduced PBS rate. Reimbursements are claimed electronically via PBS Online (either fortnightly or monthly) and submitted to Medicare Australia. Payments from Medicare go directly to MHHS.	Revenue is recognised at a point in time when service obligations are met. Where MHHS has satisfied the performance obligations for drugs provided but not yet claimed through the PBS arrangement a contract asset is raised.
Sales of goods and services		
Multi-purpose nursing home fees - long term nursing home and psychogeriatric patients are required to contribute towards their daily care, community care, medical services, and pharmacy services. Specific fees are determined by the Department of Health and are legislated under the *Aged Care Act 1997*.	MHHS's obligation under the contract is the provision of daily care to eligible Commonwealth aged care clients in MHHS's multipurpose facilities. Invoices are raised monthly to residents based on the number of bed days service provided.	Revenue is recognised over time as the patient care is provided.
Home community aged care packages - services to eligible Commonwealth clients for home support such as home maintenance, domestic assistance, nursing care etc. Eligible clients are required to make a co-contribution for services provided. The Commonwealth's contribution to these services is outlined in Note B1-3 Grants and other contributions.	MHHS's obligation under the arrangement is the provision of personal services to eligible clients. Invoices against individual customers are raised monthly based on the service type, frequency, and rate (set by the Department of Health, DOH or the Department).	Revenue is recognised over time as the personal services are provided.
Capital and Research Projects		
Revenue management of capital projects – the Department of Health purchases services for approved capital projects as part of Queensland Health's capital delivery program.	MHHS's obligation is to manage the procurement and payment of invoices approved by the Department of Health for capital works. Approval from the Department on costs incurred must be received before the invoices and revenue can be raised. Invoices raised against the Department of Health are generally settled within 30 days.	Revenue is recognised as the services are provided each month and a contract asset representing MHHS's right to consideration for services delivered but not yet billed raised where applicable.
Provision of other goods and services - MHHS provides a range of clinical research and other services to private companies and individuals.	MHHS's obligation is to provide agreed research/other services usually over a 12-month period. Invoices are raised as services are provided. Clinical trials are invoiced in accordance with milestones included in contractual agreements.	Revenue is recognised over time with customers simultaneously receiving and consuming benefits provided. A contract asset representing MHHS's right to consideration for services delivered but not yet billed is raised where applicable.

B1 REVENUE (continued)

B1-1 USER CHARGES AND FEES (continued)

Accounting Policy (continued)

Hospital fees		
Private patients - public hospital patients have the option to elect to be treated as a private patient when admitted with rates for each service set annually by the Department of Health.	MHHS's obligation is the delivery of patient care. Health funds are invoiced once a patient is discharged, and services are clinically coded. This can take 4-6 weeks. The amount paid by health funds may be adjusted when a private health funds accepts a claim. Payment by health funds is typically made within 60 days.	Revenue is recognised over time as patient care is simultaneously received and consumed by our customers. Where health fund payment rates for services rendered are lower than that established by the Department, discounts are recognised.
Private practice arrangements - senior and visiting medical officers employed by MHHS can elect to treat private patients in MHHS facilities under current employment contracts. Doctors can either assign 100% of private patient billings to MHHS (compensated by additional wage allowances) or alternatively retain professional service revenue after deduction of a service fee to MHHS based on a set % of total medical billings deposited into the private practice trust account during the month.	Assigned revenue - MHHS's obligation is provision of medical services to private patients. Retained revenue – MHHS's obligation is to provide administrative services. Medical treatment provided to private patients is bulk billed to Medicare Australia, with same day electronic lodgement of claims. Cash payments are received approximately 2 days after lodgement of claim.	Assignment revenue is recognised at a point in time as services are provided to private patients. Service fee revenue from retention doctors is recognised at the end of the month, once all administrative duties associated with the operation of the trust account are completed.
Compensable patients - public hospital patients who have received hospital services for an injury, illness or disease and have an entitlement to receive a compensation payment (e.g., workers' compensation, motor vehicle accidents) are charged for services with claims raised directly against the insurer.	MHHS obligation is the delivery of patient care to approved WorkCover recipients. Rates for each service is set annually by the Department of Health in consultation with relevant insurers. Patients must meet relevant claim criteria established under the respective schemes and be approved by the insurers for treatment. Workcover claims are submitted online daily along with required supporting documents. Cash payments are received approximately 2 days after lodgement of claim.	Revenue is recognised once a patient has been approved for treatment, and services are provided.

B1-2 FUNDING PUBLIC HEALTH SERVICES

	2024	2023
	$'000	$'000
Revenue from contracts with customers		
Activity based funding	419,095	375,657
General purpose funding	-	3,713
Other grants and contributions		
Block funding	77,159	68,796
Teacher training funding	15,960	15,337
Depreciation funding	39,817	38,909
General purpose funding	60,062	53,588
	612,093	**556,000**

Disclosure about funding received to deliver public health services

Funding is provided predominantly from the Department of Health for specific public health services purchased by the Department in accordance with a Service Agreement (SA). The Australian Government pays its share of National Health funding directly to the Department of Health, for on forwarding to the Hospital and Health Service.

The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by MHHS. Cash funding from the Department of Health is received fortnightly for State payments and monthly and quarterly for Commonwealth payments and is recognised as revenue as the performance obligations under the service agreement are discharged. Commonwealth funding in 2023-24 was $199.688 mil (2023: $181.157 mil).

At the end of financial year, an agreed technical adjustment between the Department of Health and MHHS maybe required for the level of services performed above or below the agreed levels, which may result in a receivable or unearned revenue/contract liability. This technical adjustment process is undertaken annually according to the provisions of the service agreement and ensures that the revenue recognised in each financial year correctly reflects MHHS's delivery of health services. Mackay HHS Technical adjustment 2023-24 included revenue recognised under AASB 1058 $7.657 mil (2023: $7.971 mil) and AASB 15 $8.646 mil (2023: $2.269 mil).

Smaller hospitals are supported through block funding where the technical requirements of applying ABF are not able to be satisfied, and there is an absence of economies of scale, which means some services would not be financially viable. Teacher training grants are provided to support the MHHS and are calculated based on the numbers of doctors, clinical graduates, and research positions.

Other general-purpose funding supports the provision of a wide range of services for primary and community healthcare and includes other services that fall outside the scope of the National funding model.

Depreciation funding is provided to offset depreciation charges incurred by MHHS. This is a non-cash revenue and is offset with an equity withdrawal for the same amount refer Statement of Changes in Equity refer Note C10-1.

Accounting Policy – Public health services

Activity Based Funding

Activity based funding (ABF) is provided according to the type and number of services purchased by the Department of Health, multiplied by the Queensland Efficiency Price (QEP) or other prices in the SA.

ABF funding is received for inpatients, critical care, sub and non-acute, emergency department, mental health, and outpatients.

This will reflect the agreed position between the parties following the conclusion of the end of year technical adjustment process. The purchase of any additionally activity will push the system above its Commonwealth capped target.

Other public health service revenue

Non-ABF funding is received for other services MHHS has agreed to provide under the Service Agreement. This includes block, teacher, depreciation, and most of the other general-purpose funding.

This funding has specific conditions attached that are not related to activity covered by ABF. The funding is received in cash fortnightly in advance.

Block and teacher training funding, although under an enforceable agreement, do not contain sufficiently specific performance obligations and are recognised as revenue when received.

Recognition of revenue for other "general purpose" funding is determined by whether any specific performance obligations are attached to each funding sub-type. Where the obligations are not sufficiently specific, revenue is recognised as it is received (AASB1058). Funding with sufficiently specific obligations is recognised over time as the services/goods are provided and obligations met with the price implicit in the SA (AASB15).

B1-3 GRANTS AND OTHER CONTRIBUTIONS

	2024	*2023*
	$'000	*$'000*
Revenue from contracts with customers		
Home and community care grants	4,510	4,192
Specific purpose payments	8,133	7,663
Other grants and contributions		
Other grants	1,359	1,889
Services received below fair value	4,682	4,462
	18,684	**18,206**

Accounting Policy – Services received below fair value

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

MHHS receives corporate services support from the Department of Health at no cost. Corporate services received include payroll services, financial transactions services (including accounts payable and banking services), administrative services and information technology services.

Accounting Policy – Grants, contributions, donations, and gifts

Grants, contributions, donations arise from non-exchange transactions where MHHS does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for MHHS to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised, as or when, the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets controlled by MHHS.

Special purpose capital grants are recognised as unearned revenue when received, and recognised progressively as revenue, as MHHS satisfies its performance obligations under the grant through construction of the asset.

Contributed assets are recognised at their fair value.

Disclosure – Grants and contributions

MHHS has several grant arrangements that relate to funding of activity-based services, primarily related to aged care clients and the provisions of specialist medical training. The arrangements outlined below have been identified as having sufficiently specific performance obligations under enforceable grant agreements. The remaining grants, although under enforceable agreements, do not contain sufficiently specific performance obligations, and are recognised upon receipt.

Grants – Recognised as performance obligations are satisfied

The following table provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms, and revenue recognition for MHHS's grants and other contributions 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
Commonwealth Home and Community Care - MHHS provides services to eligible Commonwealth clients for home support services under a two-year agreement between the State and Commonwealth. Services include a range of activities performed at client's homes including personal and wellness care, patient care and home maintenance. The number of hours/trips per annum and applicable rates are included in agreed work activity plan.	MHHS's obligation is to provide agreed personal services and patient care to approved recipients. Payments from the Commonwealth government are made quarterly in advance.	Amounts received are recognised as contract liabilities until performance obligations are satisfied. Revenue is recognised as services are performed. Where activity levels contracted are not fully delivered at year end, and exceed the level allowed for carryover into the next year, a revenue contract liability is raised.
Improving Access to Primary Care in Rural and Remote Areas - COAG s19(2) Exemptions Initiative - under a Memorandum of Understanding between the State and Commonwealth governments, MHHS receives payment through Medicare Australia for medical services provided to public patients presenting to the emergency department of approved rural and remote health facilities.	MHHS's obligation is the provision of medical services to eligible public patients. Claims for services performed are lodged electronically, with amounts received based on Medicare item numbers and rates set by the Commonwealth.	Revenue is recognised as services are provided to patients. The use of funds generated under this arrangement are restricted and must be used for community maintenance programs.
Specialist Training Program - training to eligible medical specialists under contract agreements with multiple medical colleges. The trainee must be a member of the medical college and is the recipient of the service. Approved training placement must be within the specified area of interest, in a specified regional location; and exceed a minimum service period (3 months).	MHHS's obligation is to provide eligible trainees appropriate training placement within the specific area of speciality. Payments from the colleges are made in arrears on a bi-annual basis upon receipt and acceptance of performance reports, financial acquittals, and trainee details.	Once the minimum training period specified in the contract has been satisfied, revenue is recognised over time as services are simultaneously received and consumed by the trainee. A contract asset representing MHHS's right to consideration for services delivered but not yet billed is raised where applicable.

B1 REVENUE (continued)

B1-3 GRANTS AND OTHER CONTRIBUTIONS (continued)

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition policies
Commonwealth transition care supports eligible Commonwealth aged care clients for care after a hospital stay. Care packages provided are in accordance with an approved plan, with a defined schedule of daily rates for services stipulated under the agreement with the Commonwealth.	MHHS's obligation is to provide eligible patients with care packages in accordance with approved care plans. Payments from the Commonwealth are advanced at the beginning of the month. At the end of the month, claims are lodged with the department including details on persons visited and duration of visit. A subsequent adjustment either up or down is made by the department	Amounts received are recognised as contract liabilities until performance obligations are satisfied. Revenue is recognised over time as patient care is provided in accordance with scheduled daily rates. A contract asset representing MHHS's right to consideration for services delivered but not yet billed raised where applicable.
Aged care packages – provides personal care services and other personal assistance to person over 65 years in the home under an agreement between the State and Commonwealth. Rates for services are dependent on the approved level of the home care package assessed by Commonwealth to approved recipients.	MHHS's obligations under the arrangement is to provide personal care services to approved Commonwealth recipients based on agreed level of care. Payments from the Commonwealth are advanced at the beginning of the month. At the end of the month, claims are lodged with the department including details by care recipient id, level of care and number of days provided. A subsequent adjustment to revenue either up or down is made by the Department of Human Services.	Amounts received are recognised as contract liabilities until performance obligations are satisfied. Revenue is recognised as services are provided to aged care customers. A contract asset representing MHHS's right to consideration for services delivered but not yet billed raised where applicable.

B1-4 OTHER REVENUE

	2024 *$'000*	*2023* *$'000*
Recoveries	4,541	5,920
Other	282	528
	4,823	**6,448**

Accounting Policy – Other revenue

Other revenue primarily reflects recoveries of payments for contracted staff from third parties such as universities and other government agencies. Other revenue is recognised based on either invoicing for related goods, services and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

B1-5 REVALUATION INCREMENT

	2024 *$'000*	*2023* *$'000*
Revaluation increments - land	-	1,313
	-	**1,313**

Accounting Policy - Revaluations

Land is measured at fair value using independent revaluations, desktop market revaluations and indexation completed by the State Valuation Service (SVS) within the Department of Resources.

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.

Land revaluations for FY24 yielded a total increase of $1.655 mil across the portfolio. In previous year, $1.313 mil of land revaluation increment was reflected as income in the operating result which absorbed all remaining accumulated losses carried forward from prior years decrements in land values (which were reflected as an expense in the operating result).

This year there was no loss to recover so the entire revaluation amount of $1.655 mil ($2023: $0.382mil) has been reflected in the asset revaluation surplus within Equity on the Statement of Financial Position. Refer note C10-2.

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2024 $'000	2023 $'000
Employee benefits		
Wages and salaries	51,428	49,278
Annual leave levy	5,974	5,476
Employer superannuation contributions	5,772	3,776
Long service leave levy	1,320	1,173
Employee related expenses		
Workers' compensation premium	183	132
Other employee related expenses	266	359
	64,943	**60,194**

	No.	No.
B2-1 NUMBER OF EMPLOYEES (Full-Time Equivalent)		
Number of employees	**109**	**105**

*Reflecting Minimum Obligatory Human Resource Information (MOHRI)

Accounting Policy – Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by employee's conditions of employment.

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

Defined Benefit Plan – 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.* The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by MHHS at the specified rate following completion of the employee's service each pay period. MHHS's obligations are limited to those contributions paid.

Key management personnel and remuneration disclosures are detailed in Note G1.

Accounting Policy – Wages and salaries

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

Accounting Policy – Workers' compensation premiums

MHHS pays premiums to Workcover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but it is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expense.

Accounting Policy – 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.

Accounting Policy – Annual leave and long service leave

Under the Queensland Government's Central Schemes for Annual Leave (ALCS) and Long Service Leave (LSLS), levies are paid by MHHS to cover the cost of employee's accruing annual leave and long service leave entitlements (including leave loading and on-costs).

The levies are expensed in the period in which they are payable.

Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

Accounting Policy – Recoveries of Employee Expenses

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

B2 EXPENSES (continued)

B2-2 HEALTH SERVICE EMPLOYEE EXPENSES

	2024 *$'000*	*2023* *$'000*
Department of Health	371,838	352,732
	371,838	**352,732**

B2-2 NUMBER OF EMPLOYEES

(Full-Time Equivalent)	No.	No.
Number of health service employees	**2,745**	**2,629**

*Reflecting Minimum Obligatory Human Resource Information (MOHRI)

The Hospital and Health Service through service arrangements with the Department of Health has engaged 2,745 (2023: 2629) full time equivalent persons at 30 June 2024. As well as direct payments to the department, premium payments made to Workcover Queensland representing compensation obligations are included in this category 2024: $4.264 mil (2023: $2.942 mil).

Accounting Policy – Health service employee expense

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

- The Department of Health provides employees to perform work for MHHS, acknowledges and accepts its obligations as the employer of these employees.
- MHHS is responsible for the day-to-day management of these departmental employees.
- MHHS reimburses the Department of Health for the salaries and on-costs of these employees. This is disclosed as Health service employee expense.

Accounting Policy – Recoveries of Health Service Employee Expenses

Payments received for health services employees working for other agencies or on secondment are recorded as part of other revenue (See Note B1-4).

Accounting Policy – Consultants and contractors

Temporary staff employed through employment agencies and consultants engaged for professional services are expensed as services are provided. Payments are categorised as either medical or non-medical based on services provided.

B2-3 SUPPLIES AND SERVICES

	2024 *$'000*	*2023* *$'000*
Inventories consumed		
Clinical supplies and services	23,919	24,896
Drugs	27,148	24,014
Contractors and consultants		
Medical	36,341	28,344
Other	2,664	2,340
Outsourced medical services	21,779	14,781
Pathology, blood and parts	18,135	15,264
Patient travel	13,876	11,292
Repairs and maintenance	12,735	11,435
Communications	12,140	7,425
Other	5,328	4,655
Electricity and other energy	4,556	4,441
Computer services	4,405	4,049
Building services	3,176	2,822
Professional services	2,607	2,332
Other travel	2,465	1,921
Catering and domestic supplies	2,372	1,994
Freight	1,058	957
Inter-entity other supplies	1,294	944
Minor Plant and Equipment	560	789
Lease expenses	189	193
	196,747	**164,888**

Accounting Policy – Distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods or services received by the department 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 – Outsourced medical services

Outsourced medical services are health related services provided by third parties to complement or extend HHS capability or capacity and are expensed as services are consumed. This includes services which HHS does not have inhouse expertise for and emergent services for specific community needs such as COVID-19 vaccination clinics.

Accounting Policy – Inventories consumed

All inventories held for distribution in hospital and health facilities are expensed at the time of issue. Stock held and available for use in the wards and other facilities, at 30 June is recorded as inventory in the Statement of Financial Position where material.

Accounting Policy - Lease expenses

Lease expenses include lease rentals for short-term leases, leases of low-value assets and variable lease payments. Refer to Note C9-1 for other lease disclosures.

B2-4 OTHER EXPENSES

	2024	*2023*
	$'000	*$'000*
Insurance premiums - QGIF	5,941	5,628
Services received free of charge	4,682	4,462
Funding expense	1,224	678
Other legal costs	991	2,958
Other	905	929
Audit Fees	572	441
Advertising	540	464
Loss on trade receivables	423	350
Insurance premiums - Other	100	77
Ex-gratia payments	1	-
	15,379	**15,987**

Accounting Policy – Insurance

The Department of Health insures property and general losses above a $10,000 threshold through the Queensland Government Insurance Fund (QGIF). Health litigation payments above a $20,000 per case threshold and associated legal fees are also insured through QGIF. QGIF collects from insured agencies an annual premium intended to cover the cost of claims occurring in the premium year.

The Insurance Arrangements for Public Health Entities Health Service enables Hospital and Health Services to be named insured parties under the department's policy. For the 2023-24 policy year, the premium was allocated to each HHS according to the underlying risk of an individual insured party.

Disclosure – Special payments and services received free of charge

Special payments represent ex-gratia expenditure and other expenditure that MHHS is not contractually or legally obligated to make to other parties. MHHS maintains a register of all special payments greater than $5,000.

MHHS receives corporate services support from the Department of Health at no cost. Further information on services provided and their treatment is available at Note B1-3.

B2-5 AUDITOR REMUNERATION

	2024	*2023*
	$'000	*$'000*
Audit services - Queensland Audit Office		
Audit of financial statements	**188**	**174**

There are no non-audit services included in this amount.

SECTION C
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2024 *$'000*	*2023* *$'000*
Cash at bank*	15,202	16,890
Imprest accounts	1	1
	15,203	**16,891**
General Trust*	1,663	1,461
General Trust - Investment funds*	1,577	1,504
	3,240	**2,965**
	18,443	**19,856**

Accounting Policy – Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions and cash debt facility. Cash at bank includes all bank accounts except Patient Fiduciary (Trust) Bank Account is reported separately in Note F1.

Operational bank accounts form part of the Whole-of-Government (WOG) banking arrangement with the Commonwealth Bank of Australia and does not earn interest on surplus funds nor is it charged interest or fees for accessing its approved cash debt facility. Any interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund, except General trust funds and deposits with Queensland Treasury Corporation (QTC) which do not form part of the WoG banking arrangement and as such incur fees and earn interest.

*General Trust incorporates cash contributions under Granted Private Practice arrangements of $2.283 mil (2023: $2.013 mil) set aside for education, study, and research in clinical areas. General Trust also include benefactor gifts, donations, and bequests for stipulated purposes. Investment funds are General Trust funds invested with QTC that earn interest daily in line with market movements in cash funds. The annual effective interest rate was 4.82% (2023: 4.23%).

C2 Receivables

	2024 *$'000*	*2023* *$'000*
Trade debtors	6,041	5,079
Less: Loss allowance	(1,011)	(1,029)
	5,030	4,050
GST receivable	1,486	1,117
GST payable	(91)	(99)
	1,395	1,018
	6,425	**5,068**

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery. i.e., the agreed purchase/contract price.

The recoverability of trade debtors is reviewed on an ongoing basis at an operating unit level. Trade receivables are settled within 30 days from invoice date. No interest is charged, and no security is obtained.

Disclosure – Receivables

The closing balance of receivables arising from contracts with customers as at 30 June 2024 is $6.041 mil (2023: $5.079 mil)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy – Impairment of receivables

The loss allowance for trade debtors reflect lifetime expected credit losses, incorporating reasonable and supportable forward-looking information. This includes economic changes that impact MHHS's debtors and relevant industry data, to form part of the impairment assessment.

Other categories of receivables represent monies owing by Queensland or federal government agencies. No loss allowance is recorded for these receivables due to low credit risk exposure i.e., high credit rating.

Where there is no reasonable expectation of recovery of monies owing by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when a third default notice has been issued (normally after 120 days) and debt collection activity has ceased. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. The amount of impairment losses recognised for trade debtors is disclosed below.

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

Disclosure – Credit risk exposure of receivables

The maximum exposure to credit risk for receivables at balance date is the gross carrying amount of those assets. No collateral is held as security and no credit enhancements relate to receivables held by MHHS.

The HHS uses a provision matrix to measure expected credit losses based on observed historical default rates over the past five years, adjusted for changes in macroeconomic indicators (used to assess the impact on the future collectability of receivables). Loss rates are calculated for customer profiles with similar loss patterns with the following two major groups identified:

- Private patient's ineligible for health assistance under Medicare arrangements with the federal government; and
- Other trade receivables.

MHHS's patient activity is heavily influenced by movements in regional population. Depending on the status of the tourism, agricultural and mining sectors the region experiences significant fluctuations in population, with a large proportion of the workforce transient in nature and includes overseas/interstate visitors requiring treatment. Economic growth has been determined as the most relevant forward-looking indicator for both groups of receivables. Where economic growth is strong, historical default rates are adjusted upwards to reflect the change in the population base i.e., higher proportion of visitors/transient workforce. Set out below is the credit risk exposure on MHHS's trade debtors broken down by aging band.

The provision rate in >90 days group has decreased by over 3% and the overall provision across the portfolio was 16.7% (2023: 20.3%) which is a reduction of almost 4% from prior year due to a significant improvement in debt collection processes.

Impairment group - Trade debtors:

	2024			2023		
	Gross receivables	*Loss rate*	*Expected credit losses*	*Gross receivables*	*Loss rate*	*Expected credit losses*
Ageing	*$'000*	*%*	*$'000*	*$'000*	*%*	*$'000*
Current	3,917	0.6%	25	2,314	1.1%	25
31 to 60 days	554	11.4%	63	1,057	5.2%	55
61 to 90 days	392	17.6%	69	526	10.1%	53
> 90 days	1,178	72.5%	854	1,182	75.8%	896
Total	**6,041**		**1,011**	**5,079**		**1,029**

Disclosure - Movement in loss allowance for trade debtors

	2024	*2023*
	$'000	*$'000*
Balance at beginning of the year	1,029	959
Amounts written off during the year	(441)	(280)
Increase in allowance recognised in operating result	423	350
Balance at the end of the year	**1,011**	**1,029**

C3 INVENTORIES

	2024	*2023*
	$'000	*$'000*
Inventories held for distribution - at cost		
Pharmaceutical drugs	1,833	1,841
Clinical supplies	2,776	2,793
Catering and domestic	3	8
	4,612	**4,642**

Accounting Policy – Inventories

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

C4 OTHER ASSETS

	2024 $'000	2023 $'000
Current		
Prepayments	1,111	1,263
Contract assets	17,072	5,023
Other assets	850	10,510
	19,033	**16,796**

Accounting Policy – Other assets

MHHS recognises it's right to consideration for services provided or goods delivered to customers under a contract but not yet billed, as a contract asset.

Where a right to consideration exists under an agreement (not arising from contracts with customers), and funds have not been receipted or invoiced, accrued revenue is recognised and disclosed as part of Other in accordance with AASB1058.

Disclosure – Contract assets

Contract assets arise from contracts with customers and are transferred to receivables when MHHS's right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer.

All contract assets are assessed for indicators of impairment on a monthly basis. If an indicator of impairment exists, the HHS determines the asset recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recognised as an impairment loss from an entity's contracts with customers. Contract Assets are assessed for impairment by reference to events such as breach of contract, performance failure or a past due event that is assessed to have a detrimental impact on the recoverability of that asset.

Contract assets reflects revenues accrued in accordance with AASB15 for $14.075 mil (2023: $1.739 mil) being additional funding from Department of Health under the technical adjustment (refer to Note B1-2) including $7.491 mil funds held to renovate old Sarina Hospital to be repurposed as a long stay patient transition facility and $2.997 mil (2023: $3.284 mil) for minor contracts and user charges not yet billed. No loss allowance is recorded for contract assets relating to either the minor contracts or Department of Health due to low credit risk exposure or high credit rating.

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C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

C5-1 ACCOUNTING POLICIES

Property, Plant and Equipment

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

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

Items below these values are expensed. Land improvements undertaken by MHHS are included in the building class.

MHHS has an annual maintenance program for its buildings. Expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores the original service potential (lost through ordinary wear and tear) is expensed.

Componentisation of Complex Assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, which require replacement at regular intervals and at different times to other components comprising the complex asset. On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Specialised health service buildings with a gross replacement value of $3 mil or more are complex in nature and componentised. Components are separately recorded and valued on the same basis as the asset class to which they relate.

Acquisition of Assets

Historical cost is used for the initial recording of all property, plant, and equipment acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition (such as architects' fees and engineering design fees), plus all other costs incurred in getting the assets ready for use.

Where assets are received free of charge from another Queensland government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the other agency immediately prior to the transfer. Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

Measurement using historical cost

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

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

C5-1 ACCOUNTING POLICIES (continued)

Measurement using fair value

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

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

Revaluation of property measured at fair value

Land and building classes measured at fair value, are assessed on an annual basis either by comprehensive valuations or using appropriate and relevant indices undertaken by independent professional valuers/quantity surveyors. For financial reporting purposes, the revaluation process for MHHS is managed by the finance unit with input from the infrastructure branch and Executive Director of Corporate Services.

Comprehensive revaluations are undertaken as part of a rolling valuation spanning a maximum of five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal. Where assets have not been specifically appraised in the reporting period, their previous valuations are materially maintained via the application of relevant indices. MHHS uses indices to provide a valid estimation of the assets' fair values at reporting date.

Materiality is considered in determining whether the differences between the carrying amount and the fair value of an asset warrant revaluation.

The fair values reported by MHHS are based on appropriate valuation techniques that maximises the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note D1-1).

Reflecting the specialised nature of health service buildings for which there is not an active market, fair value is determined using current replacement cost. Current replacement cost is determined as the replacement cost of a modern equivalent asset adjusted for functional and economic obsolescence. Buildings are measured at fair value by applying either, a revised estimate of individual asset's current replacement cost, or an interim index which approximates movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. These estimates are developed by independent quantity surveyors.

Indices used are also valued for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or quantity surveyor, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided based on MHHS's own. circumstances

On revaluation, buildings are revalued using a cost valuation method (e.g., current replacement cost). Accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after considering accumulated impairment losses and changes in remaining useful life. This is referred to as the 'gross method'.

Depreciation

Property, plant, and equipment are depreciated on a straight-line basis. Annual depreciation is based on fair values and MHHS's assessments of the useful remaining life of individual assets. Land is not depreciated as it has an unlimited useful life.

Key judgement: Straight line depreciation is used reflecting the progressive, and even, consumption of service potential of these assets over their useful life to MHHS.

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 used or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property plant and equipment.

Where assets have separately identifiable components, subject to regular replacement, components are assigned useful lives distinct from the asset to which they relate and depreciated accordingly, as doing so results in a material impact on the depreciation expense reported.

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

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

Class	Depreciation rates
Buildings and Improvements	
- Structural fabric of building	1.37% to 4.35%
- External fabric	1.37% to 9.09%
- Internal fabric	1.39% to 16.67%
- Internal finishes	1.75% to 10.00%
- Fittings	1.39% to 12.50%
- Building services	1.22% to 10.00%
- Land improvements	1.22% to 3.33%
- Other buildings including residential	0.91% to 9.09%
Plant and equipment inc artworks	1.00% to 20.00%

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

C5-1 ACCOUNTING POLICIES (continued)

Indicators of impairment and determining recoverable amount

All property, plant and equipment are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, management determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for profit entity, certain property, plant and equipment of MHHS is held for the continuing use of its service capacity and not for the generation of cashflows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. Consequently, AASB136 does not apply to such assets unless they are measured at cost.
- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal are the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

Recognising impairment losses

Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss. An impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the statement of comprehensive income as a revaluation decrement.

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

Reversal of impairment losses

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

For assets measured at fair value, to the extent the original decrease was expensed through the statement of comprehensive income, the reversal is recognised as income, otherwise the reversal is treated as a revaluation increase for the class of asset through asset revaluation surplus. When an asset is revalued using a market valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

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

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

C5-2 PROPERTY, PLANT AND EQUIPMENT - BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT

2024	Notes	Land (Level 2 and 3) $'000	Buildings (Level 3) $'000	Plant and equipment (at cost) $'000	Capital works in progress (at cost) $'000	Total $'000
Gross	D1-3	21,612	817,172	72,399	20,312	931,495
Less: Accumulated depreciation		-	(414,505)	(32,902)	-	(447,407)
Carrying amount at 30 June 2024		**21,612**	**402,667**	**39,497**	**20,312**	**484,088**
Represented by movements in carrying amount:						
Carrying amount at 1 July 2023		19,532	365,509	36,128	10,029	431,198
Transfers in - from other Queensland Government entities		425	31,622	762	-	32,809
Acquisitions		-	968	9,406	11,202	21,576
Donated assets		-	-	253	-	253
Disposals		-	(283)	(59)	-	(342)
Transfers out - to other Queensland Government entities		-	-	(92)	-	(92)
Transfers between classes		-	437	482	(919)	-
Net revaluation increments		1,655	36,049	-	-	37,704
Depreciation expense*		-	(31,635)	(7,383)	-	(39,018)
Carrying amount at 30 June 2024		**21,612**	**402,667**	**39,497**	**20,312**	**484,088**

*Excludes right-of-use assets' gross and depreciation

2023	Land (Level 2 and 3) $'000	Buildings (Level 3) $'000	Plant and equipment (at cost) $'000	Capital works in progress (at cost) $'000	Total $'000
Gross	19,532	714,286	69,715	10,029	813,562
Less: Accumulated depreciation	-	(348,777)	(33,587)	-	(382,364)
Carrying amount at 30 June 2023	**19,532**	**365,509**	**36,128**	**10,029**	**431,198**
Represented by movements in carrying amount:					
Carrying amount at 1 July 2022	18,170	330,383	28,888	7,358	384,799
Transfers in - from other Queensland Government entities	132	283	539	-	954
Acquisitions	-	1,057	15,622	5,478	22,157
Donated assets	-	1,037	139	-	1,176
Disposals	-	(446)	(45)	-	(491)
Transfers out to other Queensland Government entities	(465)	-	(44)	-	(509)
Transfers between classes	-	2,807	-	(2,807)	-
Net revaluation increments	1,695	59,678	-	-	61,373
Depreciation expense*	-	(29,290)	(8,971)	-	(38,261)
Carrying amount at 30 June 2023	**19,532**	**365,509**	**36,128**	**10,029**	**431,198**

*Excludes right-of-use assets' gross and depreciation

C5 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

C5-2 VALUATION OF PROPERTY, PLANT AND EQUIPMENT INCLUDING KEY ESTIMATES AND JUDGEMENTS

Land

Land is measured at fair value using independent revaluations, desktop market revaluations or indexation by the State Valuation Service (SVS) within the Department of Resources.

MHHS commenced its third year of the rolling comprehensive revaluation program for land holdings and engaged SVS in the current year to comprehensively revalue subject parcels of land. Indexation is to be applied to the remaining parcels of land with SVS engaged to provide same.

The fair value of land was based on publicly available data on sales of similar land in nearby localities in the twelve months prior to the date of the valuation. In determining the values, adjustments were made to the sales data to consider the location of MHHS's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land. Subjective adjustments are made to observable data for land classified as reserve (by the Minister for a community purpose). Reserve land parcels are not sold and therefore there are no directly observable inputs. This land can only be sold when un-gazetted and converted to freehold by the State.

The revaluation program resulted in a total 8.5% increment to the carrying amount of land of $1.655 mil (2023: $1.695 mil). This consisted of comprehensive valuations yielding an increment of $0.558 mil (16.4%) and the remainder of the portfolio revaluation (using desktop or indexation) yielding a total increment of $1.097 mil (6.8%).

Buildings

MHHS engaged independent quantity surveyors, AECOM Pty Ltd to comprehensively revalue all buildings with a replacement cost exceeding $500 thousand and calculate an annual index for all other assets. FY24 was the fourth year of MHHS's five year rolling valuation program with twenty-two buildings and three site improvements being valued and with the annual index being calculated for all other assets.

Refer to Note D1-2 for further details on the revaluation methodology applied.

The revaluation program resulted in a net increment of $36.049 mil or 10.7% increase (2023: increment $59.680 mil) to the carrying amount of all buildings. Twenty-two (22) buildings and three (3) site improvements were comprehensively valued resulting in an increment of $5.144 mil (19.2%). The remainder of the portfolio was subject to 10% indexation which resulted in a total increment of $30.905 mil.

C6 PAYABLES

	2024	*2023*
	$'000	*$'000*
Trade creditors	42,288	35,170
Accrued labour - Department of Health	6,482	5,121
	48,770	**40,291**

Trade creditors include $23.046 mil (2023: $24.458 mil) owing to the Department of Health at 30 June.

Accounting Policy – Payables

Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the agreed purchase/contract price, net of applicable trade and other discounts. The amounts are unsecured and normally settled within 1-30 days.

C7 ACCRUED EMPLOYEE BENEFITS

	2024	*2023*
	$'000	*$'000*
Wages outstanding	2,375	12,499
Superannuation accrued	114	103
	2,489	**12,602**

Accounting Policy – Accrued employee benefits

No provision for annual leave or long service leave is recognised in MHHS's 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*.

Under the Queensland Government's Central Schemes for Annual Leave (ALCS) and Long Service Leave (LSLS), levies are made throughout the year by MHHS to cover the cost of employee's accruing annual leave and long service leave entitlements (including leave loading and on-costs).

The levies are expensed in the period in which they are payable.

Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

Wages outstanding represent seven days of payroll accrual to the end of June. Previous year had major accruals for various EB adjustments as per advice from Department of Health.

C8 OTHER LIABILITIES

	2024	2023
	$'000	$'000
Current		
Contract liabilities	683	402
Sundry Payables	13,085	4,176
Other	770	713
	14,538	**5,291**

Accounting policy – Other liabilities

Funding for health services from the DoH is recognised as a contract liability on receipt. Revenue is recognised when the service agreement performance obligations are met.

Disclosure – Contract liabilities

Contract liabilities arise from contracts with customers and most represent unearned revenue for patient fees and goods and services from Commonwealth 2024: $0.683 mil (2023: $0.402 mil).

Sundry payables include $13.085 mil (2023: $3.498 mil) of public health funding activity payable to Department of Health as per the technical adjustment to the Service Level Agreement (refer to Note B1-2).

C9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

	2024	*2023*
	$'000	*$'000*
Right-of-use assets		
Gross value	2,350	1,524
Less Accumulated depreciation	(1,156)	(587)
Carrying amount at 30 June	**1,194**	**937**
Represented by movements in carrying amount:		
Opening Balance at 1 July	937	308
Additions	951	1,283
Remeasurement	105	(4)
Depreciation	(799)	(643)
Balance at 30 June	**1,194**	**944**
Lease liabilities		
Current	535	695
Non-Current	680	249
Total	**1,215**	**944**

Disclosures - Leases as lessee

Details of leasing arrangements as lessee

MHHS enters residential property leases to provide short-term employee housing. Some of these leases are short-term leases, however residential property leases are typically for 12 months and may include an option to renew a further 1 year. MHHS assesses at lease commencement whether it is reasonably certain to exercise the renewal options. Historically MHHS exercises renewal options, with lease terms recognised inclusive of extension options. This is reassessed if there is a significant event or significant change in circumstances within its control.

Residential property lease payments are fixed. MHHS has no option to purchase the leased premises at the conclusion of the lease, although the lease provides for a right of renewal at which time lease terms are renegotiated based on market review or CPI. As the future rent increases are variable, they are not captured in the right-of-use asset or lease liability until the increases take effect.

Motor vehicles

QFleet, within the Department of Energy and Climate, provides MHHS with access to motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because QFleet has substantive substitution rights of the assets. The related service expense is included in Note B2-3.

Accounting policy – Measurement of ROU Assets

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

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

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

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

MHHS measures right-of-use assets from concessionary leases at cost on initial recognition, and after initial recognition.

MHHS has elected to not recognise right-of-use assets and lease liabilities arising for 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.

When a contract contains both a lease and non-lease component such as asset maintenance services, MHHS allocates the contractual payments to each component based on their stand-alone prices. However, for leases of plant and equipment, MHHS has elected to not separate lease and non-lease components and instead accounts for them as a single lease component.

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that MHHS is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under residual value guarantees.
- the exercise price of a purchase option and/or lease payments in an optional renewal period that MHHS is reasonably certain to exercise; and
- payments for termination penalties if the lease term reflects the early termination.

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

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

C10 EQUITY

C10-1 CONTRIBUTED EQUITY

Interpretation *1038 Contributions by Owners Made to Wholly Owned Public Sector Entities* specifies the principles for recognising contributed equity by MHHS. The following items are recognised as contributed equity by MHHS during the reporting and comparative years:

- Non-reciprocal transfers of assets between Hospital and Health Services. In 2014, the Minister for Health signed an enduring designation of transfer for property, plant, and equipment between Hospital & Health Services (HHS) and the Department of Health. This transfer is recognised through equity when the Chief Finance Officers of both entities agree in writing to the transfer.

  Included in the below is the newly constructed Sarina Hospital $32.809 mil (2023: nil). Construction of major health infrastructure is managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department of Health back to MHHS.

During this year a number of assets have been transferred under this arrangement.	*2024* *$'000*	*2023* *$'000*
Transfer in - practical completion of projects from the Department of Health	32,048	-
Net transfer of property, plant and equipment from the Department of Health	727	445
Net transfers of equipment between HHS	(58)	-
	32,717	**445**

- Equity contributions fund purchases of equipment, furniture and fittings associated with capital work projects managed by MHHS. In 2024 MHHS received $20.498mil (2023 $19.964 mil) funding from the State as equity injections throughout the year.

- Equity withdrawal of funds by the Department of Health on behalf of the State, MHHS received $39.817 mil funding in 2024 (2023 $38.909 mil) from the Department of Health to account for the cost of depreciation. However, as depreciation is a non-cash expenditure item, the Health Minister has approved a withdrawal of equity by the State for the same amount, resulting in a non-cash revenue and non-cash equity withdrawal.

C10-2 ASSET REVALUATION SURPLUS BY ASSET CLASS

	2024 *$'000*	*2023* *$'000*
Buildings		
Balance at the beginning of the financial year	138,588	78,910
Revaluation increments	36,049	59,678
	174,637	138,588
Land		
Balance at the beginning of the financial year	382	-
Revaluation increments	1,655	382
	2,037	382
Total	**176,674**	**138,970**

Accounting Policy - Asset revaluation surplus

The asset revaluation surplus represents the net effect of upward and downward revaluations of assets to fair value.

See Note B1-5 for Land Revaluation in the Statement of Comprehensive Income.

SECTION D

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUE

What is fair value?

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued, and include, but are not limited to, published sales data for land and residual dwellings. 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 by MHHS include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service buildings and on hospital-site residential facilities, including historical and current construction contracts (and/or estimates of such costs), and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that enough 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 benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value measurement hierarchy

MHHS does not recognise any financial assets or financial liabilities at fair value (except at initial recognition).

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

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs.

None of MHHS's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

Refer to Note C5-2 for disclosure of categories for assets measured at fair value.

D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUE OF ASSETS AND LIABILITIES

Land

Effective date of last specific appraisal:	30 June 2024 by State Valuation Service (SVS) (2023: Herron Todd White (HTW) and SVS)
Valuation Approach	Market approach
Inputs	Fair value of land is based on publicly available data on sales of similar land in nearby localities. In determining values, adjustments are made to sales data to take into account the location of MHHS's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land.
Subsequent valuation activity:	Land values are comprehensively revalued over a 3-year cycle. This is due to past volatility in fair value, with desktop valuations done annually for significant properties. FY24 represented the second year of the rolling land valuation.

Buildings and Site Improvements

Effective date of last specific appraisal:	30 June 2024 by AECOM (2023: AECOM)
Valuation Approach	Current Replacement Cost (CRC) or Interim Index
Inputs	The fair value of health service buildings is computed by quantity surveyors, AECOM. The methodology is known as the Current Replacement Cost valuation technique. CRC is the price that would be received for the asset, based on the estimated cost to market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. AECOM determines the replacement cost of an asset by utilising a cost model which has been developed, providing a twenty-two-element cost plan (cost estimate) of the asset through the determination of key cost drivers such as: * Asset type (clinical building, administration, clinic etc) * Gross Floor Area (GFA) or building footprint * Number and height of staircases * Girth of the building * Height of the building * Number of lifts and number of 'stops' * Location The estimate has been compiled by measuring quantities using drawings obtained from Mackay Hospital and Health Service and verified on site or by completing a site measurement. This is done using CAD measurement software (CostX) and compared against previous valuations. In determining the replacement cost of each building, the estimated replacement cost of the asset, or the likely cost of construction including fees and on costs if tendered on the valuation date is assessed. This is based on internal records of the original cost, adjusted for more contemporary design/construction approaches and current construction contracts. Assets are priced using Brisbane rates with published industry benchmark location indices applied. Revaluations are then compared and assessed against current construction contracts for reasonableness. AECOM adjusts the replacement cost for both functional and economic obsolescence. This is assessed through determining whether the asset contains the same functionality or utility of a modern equivalent asset in terms of its components (i.e., does the current building have air conditioning expected in a modern equivalent asset); and does the asset contain materially significant components required under the National Construction Code (NCC). Significant judgement was used to assess the remaining service potential of a facility, given local climatic and environmental conditions. Physical site inspections by AECOM, combined with refurbishment history, local knowledge of asset performance and future planned asset replacement programs were used to inform these assumptions. There are no other direct or significant relationships between the unobservable inputs which materially impact fair value. Valuations assume a nil residual value. Significant capital works, such as a refurbishment across multiple floors of a building, will result in an improved condition assessment, however the cost of refurbishing a building includes a premium, especially in functioning facilities. For example, it can include costs related to demolition and dismantling of the old building, asbestos removal, additional Health and Safety costs, impacts from continuing to provide services during construction and slower construction timeframes. The valuation removes these "premium" costs and calculates values based on efficient construction practices. The removal of 'premium costs' will typically result in a decline in building values.
Subsequent valuation activity:	Buildings and site improvements are revalued over a 5-year cycle. FY24 was the fourth year in the rolling valuation cycle with the remaining buildings and site improvements to be revalued in FY25.

D1 FAIR VALUE MEASUREMENT (continued)

D1-3 CATEGORISATION OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	Level 2		Level 3		Total	
	$'000		*$'000*		*$'000*	
	2024	*2023*	*2024*	*2023*	*2024*	*2023*
Land	21,592	19,112	420	420	22,012	19,532
Buildings	-	-	402,667	365,509	402,667	365,509
	21,592	**19,112**	**403,087**	**365,929**	**424,679**	**385,041**

D1-4 LEVEL 3 FAIR VALUE MEASUREMENT - RECONCILIATION

	Buildings	
	2024	*2023*
	$'000	*$'000*
Carrying amount at 1 July	365,509	330,383
Transfers in - practical completion projects from the Department	32,022	2,807
Transfers in from other Queensland Government entities	37	283
Acquisitions	968	1,057
Donated assets	-	1,037
Disposals	(283)	(446)
Net revaluation increments/(decrements)	36,049	59,678
Depreciation charge	(31,635)	(29,290)
Carrying amount at 30 June	**402,667**	**365,509**

D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

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

Category	Note	2024 $'000	2023 $'000
Financial assets at amortised cost			
Cash and cash equivalents	C1	18,443	19,856
Receivables	C2	6,425	5,068
Total		**24,868**	**24,924**
Financial liabilities at amortised cost			
Payables	C6	48,770	40,291
Lease liabilities	C9	1,215	944
Total		**49,985**	**41,235**

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

D2-2 FINANCIAL RISK MANAGEMENT

MHHS's activities expose it to a variety of financial risks - credit risk, liquidity risk and interest rate risk. Financial risk management is implemented pursuant to Government and MHHS's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of MHHS.

MHHS measures risk exposure using a variety of methods as follows:

Risk exposure	*Measurement method*
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by employee and supplier obligations as they fall due
Interest risk	Interest rate sensitivity analysis

Credit risk is further discussed in Note C2 Receivables.

Liquidity risk

Liquidity risk is the risk that MHHS will not have the resources required at a particular time to meet its obligations to settle its financial liabilities. MHHS is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by ensuring that enough funds are always available to meet employee and supplier obligations. An approved debt facility of $6.00 mil (2023: $6.00 mil) under WOG banking arrangements to manage any short-term cash shortfalls has been established. Nil funds were withdrawn against this debt facility as at 30 June 2024 (2023: Nil).

Notwithstanding the accounting losses, the Board considers the hospital a going concern due to ongoing support from the Department of Health as evidenced by future funding commitments under the 2023-2024 Service Agreement and planned funding injections to support growth under the 2024-2025 Service Agreement to fund the costs of growing service requirements.

All financial liabilities (except lease liabilities) at amortised cost are current in nature and will be due and payable within twelve months. As such no discounting has been applied. Lease liabilities are both current and non-current and have been discounted accordingly.

Interest risk

MHHS is exposed to interest rate risk on its 24-hour call deposits, however there is no significant interest risk on its cash deposits. The HHS does not undertake any hedging in relation to interest rate risk. Changes in interest rate have a minimal effect on the operating result of MHHS.

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-3 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The following tables sets out the liquidity risk of financial liabilities held by MHHS. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

	2024	Contractual maturity		2023	Contractual maturity	
	Total	*< 1 Yr*	*1-5 Yrs*	Total	*< 1 Yr*	*1-5 Yrs*
	$'000	*$'000*	*$'000*	**$'000**	*$'000*	*$'000*
Payables	**48,770**	48,770	-	**40,291**	40,291	- -
Leased liabilities	**1,216**	536	680	**969**	695	274
	49,986	**49,306**	**680**	**41,260**	**40,986**	**274**

D3 CONTINGENCIES

(a) Litigation in progress

As at 30 June the following cases were filed in the courts naming the State of Queensland acting through the MHHS as defendant:

	2024 Number of cases	2023 Number of cases
Supreme Court	4	4
Federal Court	-	-
District Court	5	4
	9	**8**

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). MHHS's liability in this area is limited to an excess per insurance event of $20,000 per claim- refer Note B2-4. As at 30 June 2024, MHHS has 87 claims currently managed by QGIF, some of which may never be litigated or result in payments to claims (excluding initial notices under Personal Injuries Proceedings Act). Under QGIF, MHHS would be able to claim back, less a deduction, the amount paid to successful litigants.

Tribunals, commissions, and board figures represent the matters that have been referred to QGIF for management. MHHS's legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time.

D4 COMMITMENTS

(a) Capital expenditure commitments

	2024	*2023*
	$'000	*$'000*
Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:		
Building		
No later than 1 year	2,876	3,240
Total	**2,876**	**3,240**
Plant and Equipment		
No later than 1 year	2,675	2,653
Total	**2,675**	**2,653**

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

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

D6 EVENTS AFTER BALANCE SHEET DATE

There are no matters or circumstances that have arisen since 30 June 2024 that have significantly affected or may significantly affect MHHS' operations, the results of those operations, or the HHS's state of affairs in future financial years.

D7 SIGNIFICANT FINANCIAL IMPACTS

D7-1– SIGNIFICANT FINANCIAL IMPACTS – Obstetrics and Gynaecology Surgical Review

A Health Service Investigation under Part 9 of the Hospital and Health Boards Act 2011 was commissioned in relation to the delivery of public sector health services related to obstetrics and gynaecology services. The cost of the investigation year to date was $0.63 mil 2023: $3.34 mil). The investigation is complete with the response to the findings and/or recommendations now implemented.

SECTION E
NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section discloses MHHS's original published budgeted figures for 2023-24 compared to actual results, with explanations of major variances, in respect of MHHS's Statement of Comprehensive Income.

Note the original published budget from the Service Delivery Statement (SDS) has been reclassified to improve transparency and analysis by remapping budgeted transactions on the same basis as reported in actual financial statements.

E2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME

E2-1 BUDGET TO ACTUAL COMPARISON - STATEMENT OF COMPREHENSIVE INCOME

	Variance Notes	Actual 2024 $'000	Original SDS Budget 2024 $'000	SDS Budget V Actual Variance $'000
OPERATING RESULT				
Income				
User charges and fees	V1	49,436	34,950	14,486
Funding public health services	V2	612,093	557,445	54,648
Grants and other contributions	V3	18,684	15,438	3,246
Other revenue		4,823	5,271	(448)
Total Income		**685,036**	**613,104**	**71,932**
Expenses				
Employee expenses*	V4	64,943	60,651	4,292
Health service employee expenses**	V5	371,838	346,934	24,904
Supplies and services	V6	196,747	160,926	35,821
Depreciation and amortisation	V7	39,817	33,024	6,793
Other expenses	V8	15,379	11,569	3,810
Total Expenses		**688,724**	**613,104**	**75,620**
Operating Results	V9	**(3,688)**	**-**	**(3,688)**
Other Comprehensive Income				
Items Not Reclassified to Operating Result				
Increase/(decrease) in Asset Revaluation Surplus	V9	37,704	-	37,704
Total Comprehensive Income		**34,016**	**-**	**34,016**

* Persons directly employed by Mackay Hospital and Health Service. ** Persons employed directly by the Department of Health working in MHHS facilities see Note B2-2 for further details.

E2-2 EXPLANATION OF MAJOR VARIANCES - STATEMENT OF COMPREHENSIVE INCOME

V1. User charges and fees

User charges exceeded budget by $14.486 mil for the year ended 30 June 2024 primarily reflecting higher Pharmaceutical Benefit Scheme Reimbursements (PBS) $6.48 mil and revenue from managing capital projects of behalf of the Department of Health $2.89 mil. Variations to PBS income reflected a combination of increased patient activity and changes to drugs prescribed with different treatments applied to allow better outcomes for patients and additional drugs included in the rebate list. These costs and associated revenue reimbursements are not captured at the time of budget.

Cash inflows for user charges and fees exceeded the SDS budget by $13.92 mil. The key contributors to this are consistent with the reasons set out above.

V2. Funding public health services

Services exceeded budget by $54.65 mil for the year ended 30 June 2024 primarily reflecting additional funding received throughout the year to reflect increased activity in health services for the community and the region along with $14.08 mil relating to EB funding, $7.40 mil in activity uplift and $6.79 mil in funded depreciation.

V3. Grants and other contributions

Grants and other contributions exceeded SDS original budget by $3.25 mil at 30 June 2024. During 2024, there was an increase in patient activity in home support programs and aged care services which has resulted in increased federal grant funding of $2.29 mil above budget.

E2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME (continued)

E2-2 EXPLANATION OF MAJOR VARIANCES - STATEMENT OF COMPREHENSIVE INCOME (continued)

V4. Employee expenses

These expenses were $4.292 mil over budget due to additional program funding throughout the year to increase health services for the community and the region. Overall, there was an increase of 110.8 FTE from the prior year.

V5. Health service employee expenses

These expenses were $24.904 mil over budget due to additional program funding throughout the year to increase health services for the community and the region. Overall, there was an increase of 110.8 FTE from the prior year.

Cash outflows for health service employees and fees exceeded the SDS budget by $23.54 mil due to reasons set out above.

V6. Supplies and services

This increase relates primarily to increased medical contractors and consultants along with higher cost drug expenditure ($8.43 mil), due to a combination of increased patient activity and changes to drugs prescribed with different treatments applied to allow better outcomes for patients, partially offset by the increase in PBS revenue in note 1 above. Other items include pathology (over budget by $5.25 mil), travel ($3.57 mil) and repairs & maintenance ($3.09 mil), and expenditure related to additional funding from amendment windows provided to address ongoing demand within the region.

V7. Depreciation and amortisation

The variance to budget relates to the timeframes or commissioning of completed capital work in progress, valuation increments, new asset acquisitions and depreciation charges for right-of-use assets.

V8. Other expenses
This variance relates primarily to increase in funding clawback and insurance premium increases (over budget $3.810 mil).

Cash inflows for other exceeded the SDS budget by $4.436 mil largely due to the reasons set out above.

V9. Asset revaluation surplus and Operating Deficit

This variance relates to the results of the annual valuation program which involved comprehensive revaluations this financial year and indices applied to remaining building portfolio. The significant increment is largely driven by significantly higher inflation rates than in previous years, labour market capacity limitations and overall rising construction costs globally. The Property, plant and equipment variance in the Statement of Financial Position also includes $32mil associated with transfer in of new Sarina Hospital.

The Operating Deficit exceeded the SDS budget by $3.688 mil primarily due to the reasons set out above relating to increase in expenditures.

E3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION

E3-1 BUDGET TO ACTUAL COMPARISON - STATEMENT OF FINANCIAL POSITION

	Variance Notes	Actual 2024 $'000	Original SDS Budget 2024 $'000	SDS Budget V Actual Variance $'000
Current Assets				
Cash and cash equivalents	V10	18,443	14,007	4,436
Receivables	V11	6,425	12,949	(6,524)
Inventories	V12	4,612	4,133	479
Other assets	V13	19,033	4,710	14,323
Total Current Assets		**48,513**	**35,799**	**12,714**
Non-Current Assets				
Property, plant and equipment	V9	484,088	404,382	79,706
Right of use assets	V15	1,194	363	831
Total Non-Current Assets		**485,282**	**404,745**	**80,537**
Total Assets		**533,795**	**440,544**	**93,251**
Current Liabilities				
Payables	V14	48,770	39,826	8,944
Accrued employee benefits	V15	2,489	1,058	1,431
Lease liabilities	V15	535	362	173
Other liabilities	V16	14,538	1,878	12,660
Total Current Liabilities		**66,332**	**43,124**	**23,208**
Non-Current Liabilities				
Lease liabilities		680	-	680
Total Non-Current Liabilities		**680**	**-**	**680**
Total Liabilities		**67,012**	**43,124**	**23,888**
Net Assets		**466,783**	**397,420**	**69,363**
Equity		**466,783**	**397,420**	**69,363**

E3-2 EXPLANATION OF MAJOR VARIANCES - STATEMENT OF FINANCIAL POSITION

V10. Cash and cash equivalents

This variance is driven primarily by injection of Department of Health funding extraordinary window payment for enterprise bargaining increases (including Cost of Living Allowances COLA, EB11, Day Workers and base wages increases and annual leave revaluation). Cash inflows for Equity Withdrawals exceeded SDS budget for the reasons set out above.

V11. Receivables

Variance of $6.5mil is due relates to expected funding injections associated with programs delivered throughout the year that will be paid after year end. These have been reclassified and recorded under Other Assets (refer v13).

V12. Inventories

Variance is largely due to higher cost of inventory due to increased activity as well as economic factors.

V13. Other assets

Other assets were $14.3mil over budget primarily due to additional funding for old Sarina Hospital redevelopment of $7.5mil and expected funding injections associated with programs delivered throughout the year that will be paid after year end. These have been reclassified and recorded under Receivables in SDS (refer v11).

V14. Payables

Payables were $8.9 mil over budget due to timing differences in relation to the payment of invoices related to new projects and reviews.

V15. Right of Use Assets, Lease Liabilities and Accrued Employee Benefits

Right of Use Assets were $0.83 mil over budget and Lease liabilities were $0.2mil over budget due to more residential properties than expected for higher-than-expected staff numbers which also increased Accrued Employee Benefits as well as increased medical staff entitlements.

V16. Other liabilities

Other liabilities were $12.7 mil over budget primarily due to lower-than-expected delivery of funded programs due to various factors including resourcing related delays, resulting in higher than budgeted returns and/or deferrals of Departmental funds.

E4 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

E4-1 BUDGET TO ACTUAL COMPARISON - STATEMENT OF CASH FLOWS

	Variance Notes	Actual 2024 $'000	Original SDS Budget 2024 $'000	SDS Budget V Actual Variance $'000
Cash flows from operating activities				
Inflows				
User charges and fees	V1	48,600	34,683	13,917
Funding public health services	V2	569,600	557,445	12,155
Grants and other contributions	V3	13,804	10,844	2,960
GST input tax credits from ATO		13,294	8,398	4,896
GST collected from customers		808	622	186
Other receipts		4,794	5,270	(476)
		650,900	**617,262**	**33,638**
Outflows				
Employee expenses	V4	(75,055)	(60,510)	(14,545)
Health service employee expenses	V5	(370,477)	(346,934)	(23,543)
Supplies and services	V6	(189,710)	(160,025)	(29,685)
GST paid to suppliers		(13,663)	(9,367)	(4,296)
GST remitted to ATO		(816)	(580)	(236)
Other payments	V8	(1,049)	(6,661)	5,612
		(650,770)	**(584,077)**	**(66,693)**
Net cash from/(used by) operating activities		**130**	**33,185**	**(33,055)**
Cash flows from investing activities				
Inflows				
Sales of property, plant and equipment		300	309	(9)
Outflows				
Payments for property, plant and equipment	V17	(21,661)	(33,024)	11,363
Net cash from/(used by) investing activities		**(21,361)**	**(32,715)**	**11,354**
Cash flows from financing activities				
Inflows				
Equity injections	V18	20,498	634	19,864
Outflows				
Payment of lease liabilities		(680)	(694)	14
Equity Withdrawal - Other	V10	-	-	-
Net cash from/(used by) financing activities		**19,818**	**(60)**	**19,878**
Net increase/(decrease) in cash and cash equivalents		**(1,413)**	**410**	**(1,823)**
Cash and cash equivalents at the beginning of the financial year		19,856	13,597	6,259
Cash and cash equivalents at the end of the financial year		**18,443**	**14,007**	**4,436**

E4-2 EXPLANATION OF MAJOR VARIANCES - STATEMENT OF CASH FLOWS

V17. Cash flows - Payments for property, plant, and equipment

Payments for property, plant, and equipment in 2024 were lower by $11.6 mil than budgeted primarily due to reduced spend on clinical and capital projects due to procurement delays and staff shortages.

V18. Cash flows – Equity injections

Cash flows from equity injections relates to capital project costs paid for by the HHS and reimbursed by the Department which were not included in the original budget (included in the Department of Health's consolidated budget) totalling $19.9mil for capital maintenance and asset renewal (CMAR), Health Technology Equipment Replacement (HTER), and capital projects.

SECTION F

WHAT WE LOOK AFTER ON BEHALF OF THIRD PARTIES

F1 TRUST TRANSACTIONS AND BALANCES

The Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions are not recognised in the financial statements. Trust activities are included in the audit performed annually by the Auditor-General of Queensland. The cumulative value of transactions and balances in patient fiduciary trust accounts were equal to or less than $1,000 in 2024 and 2023.

F2 GRANTED PRIVATE PRACTICE

Granted Private Practice permits Senior Medical Officers (SMOs) employed in the public health system to treat individuals who elect to be treated as private patients. SMOs receive a private practice allowance and assign practice revenue generated to the Hospital (Assignment arrangement). Alternatively, SMOs pay a facility charge and administration fee to the Hospital and retain an agreed proportion of the private practice revenue (Retention arrangement) with the balance of revenue deposited into a trust account to fund research and education of medical staff. In addition, all SMOs engaged in private practice receive an incentive on top of their regular remuneration. The private practice fund activities are included in the annual audit performed by the Auditor-General of Queensland. Receipts and payments relating to both the granted private practice arrangements and right of private practice system during the financial year are as follows:

	2024 $'000	2023 $'000
Receipts		
Billings - (Doctors and Visiting Medical Officers)	7,985	7,640
Interest	27	17
Total receipts	**8,012**	**7,657**
Payments		
Payments (Doctors and Visiting Medical Officers)	6,593	6,314
Hospital and Health Service recoverable administrative costs	1,364	1,493
Hospital and Health Service - Education/travel/research fund	20	37
Total payments	**7,977**	**7,844**
Closing balance of bank account under a trust fund arrangement not yet disbursed and not restricted cash	**584**	**549**

SECTION G

OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel

In accordance with *AASB 124 Related Party Disclosures,* MHHS's responsible Minister (Minister of Health and Minister for Ambulance Services) and persons in positions with authority and responsibility for planning, directing, and controlling the activities of MHHS during the year are identified as MHHS's Key Management Personnel (KMP). A new six-member Board was appointed from 21 August 2023, and a seventh member has recently been appointed on 28 March 2024.

Details on non-ministerial KMP positions, responsibilities and KMP remuneration policies are detailed below. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management and the Board.

Position	Responsibilities
Health Service Chief Executive	Responsible for the overall leadership and management of the Mackay Hospital and Health Service to ensure that MHHS meets its strategic and operational objectives. This position is the single point of accountability for ensuring patient safety through the effective executive leadership and management of all hospital and health services. This position is accountable to the Hospital and Health Board for ensuring that the HHS achieves a balance between efficient service delivery and high-quality health outcomes
Executive Director Operations Mackay	Responsible to the Chief Executive for the strategic and operational management of the service divisions within Mackay
Executive Director, Corporate Services	Responsible to the Chief Executive to ensure the financial and fiscal responsibilities of the HHS are met. Provides governance arrangements to meet financial performance targets and imperatives. Provides strategic and financial advice in all aspects of finance management and activity performance.
Executive Director, Public Health & Rural Services	Responsible to the Chief Executive for delivering effective and efficient services of all clinical and non-clinical services and resources within the portfolio of Mental Health, Public Health and Rural Services within the Mackay Hospital and Health Service.
Executive Director, People & Culture	Responsible to the Chief Executive for the management of people and cultural issues within the MHHS. Provides strategic development and strategies to achieve maximum employee engagement, safety, and productivity and to ensure the HHS's capacity to attract and retain the skilled resources required.
Executive Director, Medical Services & CMO	Responsible to the Chief Executive for clinical governance and leadership and direction of clinical services across the HHS. Provides executive leadership, strategic focus, authoritative counsel, and expert advice on a wide range of professional and policy issues that meet safe clinical practice standards.
Executive Director, Research & Innovation & Associate Professor/Clinical Dean	Responsible to the Chief Executive for the delivery of a sustainable medical workforce for Mackay Hospital and Health Service by developing the organisation as a preferred training location and employer of choice. There are two parts to the role: The Clinical Dean role is to support the development of MHHS (together with Townsville and Cairns HHSs) as a provider of postgraduate medical specialty training and research and the Northern Clinical Training Network (NCTN) with James Cook University as the hub. The position holder is the specialist advisor to the Executive Director, Medical Services, Chief Executive and Board on medical workforce matters, particularly in relation to the innovation and research elements of clinical practices at Mackay Hospital and Health Service.
Executive Director, Nursing & Midwifery	Responsible to the Chief Executive for strategic and professional leadership of nursing workforce across MHHS.
Executive Director, Strategy, Governance & Engagement	Responsible to the Chief Executive for leadership and development of frameworks and systems for integrated planning, strategy management, governance, risk, audit and performance monitoring within the Mackay Hospital and Health Service.
Executive Director, Aboriginal & Torres Strait Islander Health	Responsible to the Chief Executive for leadership and direction of Aboriginal and Torres Strait Islander Hospital and Health services across the HHS. The role provides executive leadership, strategic focus, authoritative counsel, and expert advice on a wide range of professional and policy issues in all aspects of ATSI health related matters.

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. MHHS does not bear any cost of remuneration of Ministers. Most Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Section 74 of the *Hospital and Health Board Act 2011* provides the contract of employment for health executive staff must state the term of employment, the person's functions, and any performance criteria as well as the person's classification level and remuneration package. Section 74 of the Act also provides the Chief Executive authority to fix the remuneration packages for health executives, classification levels and terms and conditions having regard to remuneration packages for public sector employees in Queensland or other States and remuneration arrangements for employees employed privately in Queensland.

Remuneration policy for the Service's key executive management personnel is set by direct engagement common law employment contracts. The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts. The contracts provide for other benefits including motor vehicles and expense payments such as rental or loan repayments.

Remuneration expenses for key executive management personnel comprise the following components:

Short-term employee expenses which include:

- salary, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a key management person.
- non-monetary benefits – consisting of provision of vehicle and expense payments together with fringe benefits tax applicable to the benefit.

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

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

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

Performance bonuses are not paid under the contracts in place.

Board remuneration

The Mackay Hospital and Health Service is independently and locally controlled by the Hospital and Health Board (Board). The Board appoints the health service chief executive and exercises significant responsibilities at a local level, including controlling (a) the financial management of the Service and the management of the Service's land and buildings (section 7 *Hospital and Health Board Act 2011*).

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

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

KMP Remuneration Expense

The following disclosures focus on the expenses incurred by MHHS attributable to non-Ministerial KMP during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

2024

Position (date resigned if applicable)	*Name*	*Short Term Employee Expenses*		*Long term Employee Expenses*	*Post Employment Expenses*	*Termination Benefits*	*Total Expenses*
		Monetary Expenses	*Non-monetary Benefits*				
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Health Service Chief Executive	Ms. Susan Gannon	337	3	8	39		387
A/Executive Director, Corporate Services & Chief Finance Officer (consultant) (20 March 2023 - current)	Mr Martin Heads	678	-	-	-	-	678
A/Executive Director, Operations Mackay (18 March 2023 - 30 June 2023)	Ms. Susan Freiberg	121	7	3	14	-	145
Executive Director, Chief Operating Officer (27 June 2022 - 22 September 2023	Ms Sharon Walsh	54	-	-	8	87	149
Executive Director, Public Health & Rural Services (Resigned 16 June 2024)	Ms Terry Johnson	205	1	5	27	-	238
Executive Director, People Services (10 October 2022 – 17 July 23)	Mr Darryl Turner	14	-	-	4	110	128
Executive Director, People & Culture (22 January 2024 - current)	Ms Raelene Eves	95	6	2	11	-	114
A/Executive Director, People & Culture (6 September 2023 - 4 January 2024)	Ms Ngaire Buchanan	56	10	1	6	-	72
Chief Medical Officer, (10 October 2022 - current)	Dr Charles Pain	526	-	12	66	-	604
Executive Director, Research & Innovation & Clinical Dean (Finished in that role on 18 March 2024. Not reportable thereafter due to change in position)	Mr David Farlow	449	3	10	65	-	527
Executive Director, Research & Innovation (25 June 23 – 18 March 2024 (not reportable thereafter due to change in position))	Dr Pieter Nel	516	-	12	74	-	602
Executive Director, Nursing & Midwifery (11 December 2022 - 7 January 2024)	Ms Karen Wade	159	-	(1)	3	-	161
A/Executive Director, Nursing & Midwifery (8 January 2024 - 16 June 2024)	Mr Paul McAllister	143	-	3	13	-	159
Executive Director ATSI Health (1 July 2021 – 18 September 2023)	Mr Simon Costello	45	-	0	2	-	47
Executive Director ATSI Health (13 March 2023 - current)	Ms Kerry Maley	201	-	5	23	-	229
Executive Director, Strategy Governance and Engagement	Ms Janet Geisler	189	-	4	22	-	215

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

KMP Remuneration Expense (continued)

2023

Position (date resigned if applicable)	*Name*	*Short Term Employee Expenses*		*Long term Employee Expenses*	*Post Employment Expenses*	*Termination Benefits*	*Total Expenses*
		Monetary Expenses	*Non-monetary Benefits*				
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
A/Health Service Chief Executive (18 March 2023 - 30 June 2023	Dr Charles Pain	139	-	3	14	-	156
A/Health Service Chief Executive (12 September 2022- 15 January 2023)	Ms Paula Foley	98	24	2	8	-	132
Health Service Chief Executive (2 November 2020 -9 September 2022)	Ms Lisa Davies-Jones	246	12	1	3	-	262
Health Service Chief Executive (16 January 2023 -19 March 2023)	Ms Melissa Carter	67	-	2	8	-	77
Executive Director, Corporate Services (28 March 2022 - 31 March 2023)	Ms Tanya Feekings	160	-	3	15	81	259
A/Executive Director, Corporate Services (20 March 2023 - 9 June 2023)	Mr Martin Heads	157	-	-	-	-	157
Chief Operating Officer (27 June 2022 -)	Ms Sharon Walsh	222	-	5	24		251
Executive Director, Public Health & Rural Services (29 April 2013 -)	Ms Terry Johnson	216	-	5	20	-	241
Executive Director, People Services (appointed 28 February 2022)	Mr Darryl Turner	203	-	5	18	-	226
Executive Director, Medical Services Appointed 10 October 2022	Dr Charles Pain	240	-	6	17	-	263
A/Executive Director, Medical Services (20 March 2023 - 30 June 2023)	Dr Stephen Lambert	108	2	2	9	-	121
Executive Director, Research & Innovation	Mr David Farlow	624	3	(2)	31	-	656
Executive Director, Nursing & Midwifery Appointed 11 December 2022	Ms Karen Wade	327	-	7	30	-	364
Executive Director, Nursing & Midwifery	Ms Julie Rampton	73	-	1	4	-	78
Executive Director, Strategy, Governance and Engagement	Ms Janet Geisler	185	-	4	21	-	210
Executive Director, Aboriginal & Torres Strait Islander Health (appointed 1 July 2021)	Mr Simon Costello	170	-	4	19	-	193
A/Executive Director, Aboriginal & Torres Strait Islander Health (13 March - 23 July 2023)	Ms Kerry Maley	55	-	1	6	-	62

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration paid or owing to board members during 2023-24 was as follows:

Board Member	*Name*	*Short Term Employee Expenses*		*Post Employment Expenses*	*Total Expenses*
		Monetary Expenses	*Non-monetary Benefits*		
		$'000	*$'000*	*$'000*	*$'000*
Board Chair (18 August 2023 – current)	Ms Helen Darch OAM	69	-	9	78
Deputy Board Chair (18 August 2023 – current)	Mrs Kerry Maley	39	-	5	44
Board Member (18 August 2023 – current)	Associate Professor Luke Lawton	40	3	5	47
Board Member (18 August 2023 – current)	Dr Peter O'Mara	40	-	5	45
Board Member (18 August 2023 – current)	Dr Maureen Chapman	39	-	5	44
Board Member (18 August 2023 – current)	Mr William Cooper	40	-	5	45
Board Member (18 August 2023 – current)	Ms Monica McKendry	9	-	1	10

Remuneration paid or owing to board members during 2022-23 was as follows:

Board Member	*Name*	*Short Term Employee Expenses*		*Post Employment Expenses*	*Total Expenses*
		Monetary Expenses	*Non-monetary Benefits*		
		$'000	*$'000*	*$'000*	*$'000*
Chairperson (appointed 18 May 2021 - 21 November 2022)	Mr Darryl Camilleri	36	-	4	40
Board Member (- 21 November 2022)	Mr David Aprile	20	-	2	22
Board Member (- 21 November 2022	Professor Richard Murray	19	-	2	21
Board Member (- 21 November 2022)	Ms Helen Caruso	19	-	2	21
Board Member (10 June 2021 - 21 November 2022)	Ms Suzanne Brown	20	-	2	22
Board Member (- 21 November 2022	Ms Adrienne Barnett	19	-	2	21
Board Member (- 21 November 2022	Dr Elissa Hatherly	19	-	2	21
Board Member (18 May 2021- 21 November 2022)	Ms Annabel Dolphin	18	-	2	20
Board Member (10 June 2021- 21 November 2022)	Mr Tom McMillan	19	-	2	21

G2 RELATED PARTY TRANSACTIONS

Transactions with other Queensland Government-controlled entities

Mackay Hospital and Health Service 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.

Entity - Department of Health	2024	2023
	$'000	$'000
Revenue	619,853	562,010
Expenditure	426,386	402,216
Asset	15,121	12,970
Liability	43,926	33,755

Department of Health

MHHS's primary source of funding is provided by the Department of Health, with payments made in accordance with a service agreement. The signed service agreements are published on the Queensland Government website and are publicly available. Revenue under the service arrangement was $612.1 mil for the year ended 30 June 2024 (2023: $556.0 mil). For further details on the purchase of health services by the Department of Health refer to Note B1-2.

MHHS, through service arrangements with the Department of Health, has engaged 2,745 (2023: 2,629) full time equivalent persons. In accordance with the Hospital and Health Boards Act 2011, the employees of the Department of Health are referred to as health service employees. In 2024, $367.5 mil (2023: $349.8 mil) was paid to the Department for Health service employees. The terms of this arrangement are fully explained in Note B2-2.

The Department of Health centrally manages, on behalf of Hospital and Health Services, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications, and technology services. These services are provided on a cost recovery basis. In 2024, these services totalled $54.2mil (2023: $48.0 mil). In addition, MHHS receives corporate services support from the Department at no cost refer to Note B1-3. Corporate services received include payroll services, financial transactions services (including accounts payable and banking services), administrative services and information technology services. In 2024, the fair value of these services was $4.7 mil (2023: $4.5 mil).

Any associated receivables or payables owing to the Department of Health at 30 June 2024 are separately disclosed in Note C2 and Note C6. No impairment has been applied to these balances.

The Department of Health also provides funding from the State as equity contributions to purchase property, plant, and equipment. All construction of major health infrastructure is managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department of Health to MHHS. Where costs are borne by MHHS on departmental funded projects, the Department of Health reimburses MHHS for those costs. In 2024, $2.9 mil (2023: $1.3 mil) in recoveries was recognised.

Throughout the year, funding recognised to cover the cost of depreciation is offset by a withdrawal of equity by the State for the same amount. For further details on equity transactions with the Department of Health refer to Note C10-1.

There are no other material transactions with other Queensland Government controlled entities.

Transactions with people/entities related to Key Management Personnel

All transactions in the year ended 30 June 2024 between Mackay Hospital and Health Service and key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature and dollar.

G3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGES IN POLICY

Accounting standards applied for the first time

No accounting standards or interpretations that apply to MHHS for the first time in 2023-24 have any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2023-24.

G4 TAXATION

MHHS is a state body as defined under the Income *Tax Assessment Act 1936* and is exempt from federal government taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The Australian Taxation Office has recognised the Department of Health and the sixteen Hospital and Health Services as a single taxation entity for reporting purposes.

All FBT and GST reporting to the federal government is managed centrally by the Department of Health, with payments/ receipts made on behalf of the MHHS reimbursed monthly. GST credits receivable from, and GST payable to the ATO, are recognised on this basis. Refer to Note C2.

G5 CLIMATE RISK DISCLOSURE

Whole-of-Government climate-related reporting

The State of Queensland, as the ultimate parent of the MHHS, has published a wide range of information and resources on climate change risks, strategies and actions https://www.energyandclimate.qld.gov.au/climate) including the following key whole-of-Government publications:

- Climate Action Plan 2020-30 (https://www.energyandclimate.qld.gov.au/climate/action-plan)
- Queensland Energy and Jobs Plan (https://www.energyandclimate.qld.gov.au/energy/energy-jobs-plan/about-plan)
- Queensland Climate Adaptation Strategy 2017-2030 (https://www.qld.gov.au/_data/assets/pdf_file/0017/67301/qld-climate-adaptation-strategy.pdf).
- Queensland Sustainability Report 2023 (https:// s3.treasury.qld.gov.au/files/2023_Queensland_Sustainability_Report.pdf)

Mackay HHS accounting estimates and judgements – climate-related risks

No adjustments to the carrying value of assets were recognised during the financial year as a result of climate-related risks impacting current accounting estimates and judgements. No other transactions have been recognised during the financial year specifically due to climate-related risks impacting the HHS.

The HHS continues to monitor the emergence of material climate-related risks that may impact the financial statements of the HHS, including those arising under the Queensland Government's Queensland 2035 Clean Economy Pathway, and other Queensland Government climate-related policies or directives..

Mackay Hospital and Health Service

Management Certificate

For the year ended 30 June 2024

These general-purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

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

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Mackay Hospital and Health Service for the financial year ended 30 June 2024 and of the financial position of Mackay Hospital and Health Service at the end of that year, and

We acknowledge responsibility under sections 7 and 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 through-out the reporting period.

Ms Helen Darch OAM
Chair,
Mackay Hospital and
Health Board
22/8/2024

Ms Susan Gannon
Chief Executive Officer
22/8/2024

Mr Martin Heads
A/Executive Director,
Corporate Services
22/8/2024

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Board of Mackay Hospital and Health Service

Report on the audit of the financial report

Opinion

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

The financial report comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information, and the management certificate.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended; and

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

Basis for opinion

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

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

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

Key audit matters

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

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Specialised buildings and land valuation ($402.667 million)

Refer to Note C5 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Buildings were material to Mackay Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. Mackay Hospital and Health Service performed a comprehensive revaluation of 26 material buildings / site improvements this year as part of the rolling revaluation program. All other buildings were revalued using relevant indices. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. Mackay Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: – estimating the current cost for a modern substitute (including locality factors and oncosts), 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. Using indexation required: • significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation • reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used.	My procedures included, but were not limited to: • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • assessing the competence, capabilities and objectivity of the experts used to develop the models • for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: – 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: – reviewing management's annual assessment of useful lives – at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets – testing that no building asset still in use has reached or exceeded its useful life – enquiring of management about their plans for assets that are nearing the end of their useful life – reviewing assets with an inconsistent relationship between condition and remaining useful life • where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of my auditor's report.

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 2024:

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.

M. Claydon

26 August 2024

Michael Claydon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

Terms

Activity based funding A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:

- capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery.
- creating an explicit relationship between funds allocated and services provided.
- strengthening management's focus on outputs, outcomes and quality.
- encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness.
- providing mechanisms to reward good practice and support quality initiatives.

Acute care Care in which the clinical intent or treatment goal is to:

- manage labour (obstetric).
- cure illness or provide definitive treatment of injury.
- perform surgery.
- relieve symptoms of illness or injury (excluding palliative care).
- reduce severity of an illness or injury.
- protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function.

Chronic A long-term or persistent condition.

Full-Time Equivalent Refers to full-time equivalent staff currently working in a position.

Health outcome Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.

Hospital Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.

Hospital and Health Boards The Hospital and Health Boards are made up of a mix of members with expert skills and knowledge relevant to managing a complex health care organisation.

Hospital and Health Service HHS is a separate legal entity established by Queensland Government to deliver public hospital services.

Non-admitted patient services An examination, consultation, treatment or other service provided to a non-admitted patient (does not undergo a hospital's formal admission process) in a functional unit of a health service facility.

Outpatient Non-admitted health service provided or accessed by an individual at a hospital or health service facility.

Patient flow Optimal patient flow means the patient's journey through the hospital system, be it planned or unplanned, happens in the safest, most streamlined, and timely way to deliver good patient care.

Performance indicator A measure that provides an 'indication' of progress towards achieving the organisation's objectives usually has targets that define the level of performance expected against the performance indicator.

Private hospital A private hospital or free-standing day hospital and either a hospital owned by a for-profit company or a non-profit organisation and privately funded through payment for medical services by patients or insurers patients admitted to private hospitals are treated by a doctor of their choice.

Public hospital Public hospitals offer free diagnostic services, treatment, care and accommodation to eligible patients.

Statutory bodies A non-department government body, established under an Act of Parliament. Statutory bodies can include corporations, regulatory authorities, and advisory committees/councils.

Sustainable A health system that provides infrastructure, such as workforce, facilities and equipment and is innovative and responsive to emerging needs, for example, research and monitoring within available resources.

Sub-Acute Somewhat acute; between acute and chronic.

Telehealth Delivery of health-related services and information via telecommunication technologies, including:

- Live, audio and/or video interactive links for clinical consultations and educational purposes
- Store and forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists.
- Teleradiology for remote reporting and clinical advice for diagnostic images
- Telehealth services and equipment to monitor people's health in their home.

Acronyms

FTE Full-Time Equivalent
HHS Hospital and Health Service
HHBA *Hospital and Health Boards Act 2011*
iEMR integrated electronic Medical Record
MHHB Mackay Hospital and Health Board
QAO Queensland Audit Office
QGEA Queensland Government Enterprise Architecture
WAU Weighted Activity Unit

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	3
Accessibility	Table of contents Glossary	ARRs – section 9.1	4 27
	Public availability	ARRs – section 9.2	1
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	1
	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	1
	Information Licensing	*QGEA – Information Licensing* ARRs – section 9.5	1
General information	Introductory Information	ARRs – section 10	6-7
Non-financial performance	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	5
	Agency objectives and performance indicators	ARRs – section 11.2	8-10 21-22
	Agency service areas and service standards	ARRs – section 11.3	23-24
Financial performance	Summary of financial performance	ARRs – section 12.1	25
Governance – management and structure	Organisational structure	ARRs – section 13.1	16
	Executive management	ARRs – section 13.2	14-15
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	11-13
	Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	20
	Human Rights	*Human Rights Act 2019* ARRs – section 13.5	20
	Queensland public service values	ARRs – section 13.6	20
Governance – risk management and accountability	Risk management	ARRs – section 14.1	19
	Audit committee	ARRs – section 14.2	11
	Internal audit	ARRs – section 14.3	19
	External scrutiny	ARRs – section 14.4	19
	Information systems and recordkeeping	ARRs – section 14.5	19-20
	Information Security attestation	ARRs – section 14.6	20
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	17-18
	Early retirement, redundancy and retrenchment	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	18-19
Open Data	Statement advising publication of information	ARRs – section 16	1
	Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	58-71
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	72-74

FAA: *Financial Accountability Act 2009*
FPMS: *Financial and Performance Management Standard 2019*
ARRs: *Annual report requirements for Queensland Government agencies*

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