

**STATEMENT OF KAYLENE JOAN GAFFNEY 11 JUNE 2024****PROCEEDING DETAILS**

Matter: Special Commission of Inquiry into Healthcare Funding

**WITNESS DETAILS**

Name Kaylene Joan Gaffney  
Address 48 Montpelier Road BOWEN HILLS QLD 4006  
Occupation Group Chief Financial Officer

**STATEMENT**

On 11 June 2024, I Kaylene Joan Gaffney, state:

- 1 This Statement made by me accurately sets out the evidence that I would be prepared, if necessary, to give to the Special Commission of Inquiry into Healthcare Funding (**Special Commission**) as a witness. The Statement is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I will be liable to prosecution if I have wilfully stated in it anything that I know to be false, or do not believe to be true.

**My background**

- 2 I have held the role of Group Chief Financial Officer of St Vincent's Health Australia (**SVHA**) since 21 August 2023 in an acting capacity and was permanently appointed to the role on 7 December 2023.
- 3 I am a Fellow Chartered Accountant accredited by Chartered Accountants Australia and New Zealand. I hold a Bachelor of Business (Accountancy), Graduate Diploma (Professional Accounting), MBA (International Business), each from Queensland University of Technology. I am a graduate of the Australian Institute of Company Directors.
- 4 I joined SVHA in April 2022 as the Executive General Manager Corporate Services & Chief Financial Officer for St Vincent's Care Services. Prior to this, I held a number of Director and Senior finance roles at a range of organisations.

**SVHS' current and historical financial position**

- 5 The audited financial statements of St Vincent's Hospital Sydney (**SVHS**), which I refer to collectively in this statement as the **Financial Statements**, are annexed and marked to this statement as follows:

- a. financial year 2018/2019 – annexed and marked **KG-1**;
- b. financial year 2020/2021 – annexed and marked **KG-2**;
- c. financial year 2022/2023 – annexed and marked **KG-3**.

6 The Financial Statements show the financial results of SVHS in relation to two broad categories of funds:

- a. the General Fund, which is used to pay day to day operating costs and revenue; and
- b. the Special Purpose and Trust Funds, which encompass all capital funds received from government, philanthropic and other sources that have been provided on the basis that the funds are to be deployed only in relation to specific activities of SVHS, or for other specific purposes.

7 As noted above, the Special Purpose and Trust Funds are not concerned with the general operating costs of the hospital. In relation to general operating costs only, the table below summarises the operating results in the Financial Statements over the past six years:

<b>Financial Year</b>	<b>(deficit)/surplus (000s)</b>	<b>COVID-19 – Govt Subsidies</b>
FY18	4,515	-
FY19	24,030	-
FY20	12,368	9,859
FY21	18,963	35,707
FY22	14,435	70,780
FY23	(9,304)	7,958

8 In FY 23, the funding received did not cover the costs of operating the hospital, giving rise to an operating deficit of \$9.304 million. Included in the deficit was the decommissioning costs of St Joseph's which included accelerated depreciation of \$5.0 million and a redundancy provision. The decommissioning of St Joseph's was announced in FY23 and completed in FY24.

9 In the years prior to FY23, particularly FY21 and FY22, SVHS' General Fund results included COVID-19 Government Subsidies (**grants**), shown in the third

column of the table. The grants were made by the Ministry to address the impact on the hospital of the COVID-19 pandemic (such as the need to keep the hospital open, with doctors and nurses on duty, with reduced activity and volume). These grants radically reduced between FY22 and FY23. During the period in which the grants have been in operation – ie FY20 to FY23 – there has been a very significant increase in costs, noting that inflation has been very high during this period.

- 10 The Financial Statements also show SVHS' cash movement. The Financial Statements do not allow me to separately identify the cash movements separated by General Fund and Special Purpose and Trust Funds. The table below summarises all cash movements:

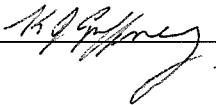
<b>Financial Year</b>	<b>Net cash movement for operating activities</b> (deficit)/surplus (000s)	<b>Net cash movement for investing activities</b>	<b>Net cash movement for financing activities</b>	<b>Total net cash movement</b>
FY18	43,674	(27,652)	(2,000)	14,022
FY19	49,090	(48,790)	(1,110)	(810)
FY20	36,022	(33,324)	(3,988)	(1,290)
FY21	74,332	(27,195)	(3,181)	43,956
FY22	54,193	(5,502)	(2,760)	45,931
FY23**	(12,508)	(16,759)	(1,912)	(31,179)

\*\*see page 17 of KG-3.

- 11 In the table:
- operating activities includes all labour costs for all clinical and non-clinical staff, including doctors (employed and contracted);
  - investing activities relates to investment in property, plant and equipment; and
  - financing activities relates to equipment that is leased, where leasing is more cost effective than purchasing.

- 12 SVHS is a not for profit, charitable entity. In any year where there is a profit recorded in the Financial Statements, no dividend is ever declared. All funds are used by SVHS for the operation of the hospital.
- 13 As a general proposition, to the extent that there is a cash surplus, it is reinvested in SVHS to allow SVHS to continue its activities. No cash or other assets are distributed to the other entities in the SVHA group.

Signature of witness

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