

**Barossa Hills Fleurieu
Local Health Network Incorporated**

Financial report
for the year ended
30 June 2021



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To the Board Chair Barossa Hills Fleurieu Local Health Network Incorporated

Opinion

I have audited the financial report of the Barossa Hills Fleurieu Local Health Network Incorporated and the consolidated entity comprising the Barossa Hills Fleurieu Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Barossa Hills Fleurieu Local Health Network Incorporated and its controlled entities as at 30 June 2021, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Board Chair, the Acting Chief Executive Officer and the Interim Executive Director Finance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 Barossa Hills Fleurieu Local Health Network Incorporated and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive Officer and the Board for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Barossa Hills Fleurieu Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2021.

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

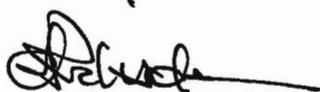
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Barossa Hills Fleurieu Local Health Network Incorporated's and its controlled entities' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

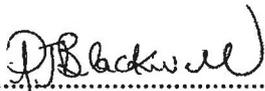
24 September 2021

**Certification of the financial statements
Barossa Hills Fleurieu Local Health Network**

We certify that the:

- financial statements of the Barossa Hills Fleurieu Local Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer’s instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.

- Internal controls employed by the Barossa Hills Fleurieu Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



for Carol Gaston
Board Chair



Kylie Williams
Acting Chief Executive Officer



Rose Dickinson
Interim Executive Director
Finance

Date: 14/09/2021.....

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2021

	Note	Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income					
Revenues from SA Government	2	236,370	192,915	236,370	192,915
Fees and charges	3	18,262	19,010	18,262	19,010
Grants and contributions	4	32,843	29,113	33,049	29,328
Interest		162	447	94	313
Resources received free of charge	5	3,196	2,528	3,046	2,493
Net gain from disposal of non-current and other assets	6	-	33	-	33
Other revenues/income	7	28,346	31,538	28,056	31,251
Total income		319,179	275,584	318,877	275,343
Expenses					
Staff benefits expenses	8	176,606	168,467	176,606	168,467
Supplies and services	9	109,676	102,571	109,672	102,571
Depreciation and amortisation	16,17	8,808	9,427	4,443	5,080
Grants and subsidies	10	426	697	297	398
Borrowing costs	20	43	49	43	49
Net loss from disposal of non-current and other assets	6	14	-	14	-
Impairment loss on receivables	13.1	814	61	814	61
Other expenses	11	861	1,188	2,197	1,240
Total expenses		297,248	282,460	294,086	277,866
Net result		21,931	(6,876)	24,791	(2,523)
Total comprehensive result		21,931	(6,876)	24,791	(2,523)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current assets					
Cash and cash equivalents	12	18,238	8,069	16,929	6,579
Receivables	13	4,732	4,628	4,749	4,626
Other financial assets	14	22,578	21,282	16,461	15,233
Inventories	15	1,103	881	1,103	881
Total current assets		46,651	34,860	39,242	27,319
Non-current assets					
Receivables	13	756	777	756	777
Property, plant and equipment	16,17	158,116	148,436	77,865	65,307
Total non-current assets		158,872	149,213	78,621	66,084
Total assets		205,523	184,073	117,863	93,403
Current liabilities					
Payables	19	8,596	9,058	8,596	8,908
Financial liabilities	20	1,106	970	1,106	970
Staff benefits	21	24,912	24,202	24,912	24,202
Provisions	22	1,522	1,369	1,522	1,369
Contract liabilities and other liabilities	23	21,026	21,488	21,026	21,488
Total current liabilities		57,162	57,087	57,162	56,937
Non-current liabilities					
Payables	19	1,268	1,275	1,268	1,275
Financial liabilities	20	2,117	1,711	2,117	1,711
Staff benefits	21	31,992	33,131	31,992	33,131
Provisions	22	2,006	1,822	2,006	1,822
Total non-current liabilities		37,383	37,939	37,383	37,939
Total liabilities		94,545	95,026	94,545	94,876
Net assets		110,978	89,047	23,318	(1,473)
Equity					
Retained earnings		84,679	62,748	23,318	(1,473)
Asset revaluation surplus		26,299	26,299	-	-
Total equity		110,978	89,047	23,318	(1,473)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2021**

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019		-	-	-
Net assets received from an administrative restructure	1.6	-	1,050	1,050
Net assets received on first time consolidation		26,299	68,574	94,873
Adjusted balance at 1 July 2019		26,299	69,624	95,923
Net result for 2019-20		-	(6,876)	(6,876)
Total comprehensive result for 2019-20		-	(6,876)	(6,876)
Balance at 30 June 2020		26,299	62,748	89,047
Net result for 2020-21		-	21,931	21,931
Total comprehensive result for 2020-21		-	21,931	21,931
Balance at 30 June 2021		26,299	84,679	110,978

PARENT

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019		-	-	-
Net assets received from an administrative restructure	1.6	-	1,050	1,050
Adjusted balance at 1 July 2019		-	1,050	1,050
Net result for 2019-20		-	(2,523)	(2,523)
Total comprehensive result for 2019-20		-	(2,523)	(2,523)
Balance at 30 June 2020		-	(1,473)	(1,473)
Net result for 2020-21		-	24,791	24,791
Total comprehensive result for 2020-21		-	24,791	24,791
Balance at 30 June 2021		-	23,318	23,318

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the period ended 30 June 2021

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash inflows					
Receipts from SA Government		223,128	192,780	223,128	192,780
Fees and charges		15,818	18,566	15,817	18,503
Grants and contributions		33,584	31,103	33,790	31,318
Interest received		130	329	92	347
Residential aged care bonds received		4,979	5,170	4,979	5,170
GST recovered from ATO		6,074	6,063	6,074	6,063
Other receipts		598	597	309	303
Cash generated from operations		284,311	254,608	284,189	254,484
Cash outflows					
Staff benefits payments		(176,528)	(163,514)	(176,528)	(163,514)
Payments for supplies and services		(87,723)	(85,815)	(87,568)	(85,967)
Payments of grants and subsidies		(437)	7,357	(308)	7,656
Interest paid		(41)	(49)	(41)	(49)
Residential aged care bonds refunded		(5,827)	(5,896)	(5,827)	(5,896)
Other payments		(384)	(415)	(384)	(415)
Cash used in operations		(270,940)	(248,332)	(270,656)	(248,185)
Net cash provided by operating activities		13,371	6,276	13,533	6,299
Cash flows from investing activities					
Cash inflows					
Proceeds from sale of property, plant and equipment		-	33	-	33
Proceeds from sale/maturities of investments		31	3,172	-	2,950
Cash generated from investing activities		31	3,205	-	2,983
Cash outflows					
Purchase of property, plant and equipment		(765)	(3,933)	(765)	(3,931)
Purchase of investments		(1,275)	-	(1,225)	-
Cash used in investing activities		(2,040)	(3,933)	(1,990)	(3,931)
Net cash provided by/(used in) investing activities		(2,009)	(728)	(1,990)	(948)
Cash flows from financing activities					
Cash inflows					
Cash received from restructuring activities		-	3,240	-	1,947
Cash generated from financing activities		-	3,240	-	1,947
Cash outflows					
Repayment of lease liabilities		(1,193)	(719)	(1,193)	(719)
Cash used in financing activities		(1,193)	(719)	(1,193)	(719)
Net cash provided by/(used in) financing activities		(1,193)	2,521	(1,193)	1,228
Net increase/(decrease) in cash and cash equivalents		10,169	8,069	10,350	6,579
Cash and cash equivalents at the beginning of the period		8,069	-	6,579	-
Cash and cash equivalents at the end of the period	12	18,238	8,069	16,929	6,579
Non-cash transactions	24				

The accompanying notes form part of these financial statements.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

1. About Barossa Hills Fleurieu Local Health Network

Barossa Hills Fleurieu Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated health service established under the *Health Care (Local Health Networks) Proclamation 2019* which was an amendment to the *Health Care Act 2008 (the Act)*. The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements include all controlled activities of the Hospital.

The Parent Entity

The Parent Entity consists of the following:

- Angaston District Hospital
- Eudunda Hospital
- Gawler Health Service
- Gumeracha District Soldiers' Memorial Hospital
- Hills Southern Fleurieu Kangaroo Island Community Health Service located in Mount Barker, Goolwa, Kangaroo Island and Victor Harbor
- Inner North Country Community Health Services located in Angaston, Gawler, Kapunda, Nuriootpa, Tanunda
- Kangaroo Island Health Service
- Kapunda Hospital
- Mount Barker District Health Service
- Mount Pleasant District Hospital
- Tanunda War Memorial Hospital
- Southern Fleurieu Health Service, located in Victor Harbor
- Strathalbyn and District Health Service
- Eudunda Senior Citizens Hostel
- Kapunda Homes
- Torrens Valley Aged Care
- Strathalbyn & District Aged Care Facility

Publicly funded health services in country South Australia are supported by the Rural Support Service (RSS), hosted within the Hospital. The service brings together clinical and corporate advisory services focused on improving quality and safety for the regional Local Health Networks (LHNs). The RSS includes highly specialist, system wide clinical and corporate capabilities, clinical leadership and expertise.

The Consolidated Entity

The Consolidated Entity includes the Parent Entity as well as the Health Advisory Councils (HACs) and Gift Fund Trusts (GFTs).

The HACs were established under the Act to provide a more coordinated, strategic and integrated health care system to meet the health needs of South Australians. HACs are consultative bodies that advise and make recommendations to the Chief Executive of the Department for Health and Wellbeing (the Department) and the Chief Executive Officer of the Hospital on issues related to specific groups or regions. HACs hold assets, manage bequests and provide advice on local health service needs and priorities.

HACs may be incorporated or unincorporated. The incorporated HACs and GFTs are separate reporting entities within our health service. The Hospital hosts the unincorporated HACs and GFTs (on behalf of Eyre and Far North Local Health Network, Flinders and Upper North Local Health Network and Yorke and Northern Local Health Network) via the Country Health Gift Fund Health Advisory Council Inc and the Country Health Gift Fund Health Advisory Council Gift Fund Trust Inc. Refer to note 32 for details.

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at note 32.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in note 34. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting principles as for the Hospital's transactions.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

1.1 Objectives and activities

The Hospital supports the delivery of safe, effective and accountable high quality health care.

The Hospital is part of the SA Health portfolio providing health services for the Barossa Hills Fleurieu region. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the Barossa Hills Fleurieu region.

The Hospital is governed by a Board which is responsible for providing strategic oversight and monitoring the Hospital's financial and operational performance. The Board must comply with any direction of the Minister for Health and Wellbeing (Minister) or Chief Executive of the Department.

The Chief Executive Officer is responsible for managing the operations and affairs of the Hospital and is accountable to, and subject to the direction of, the Board in undertaking that function.

1.2 Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- *Treasurer's Instructions* and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out below or throughout the notes.

1.3 Taxation

The Hospital is not subject to income tax. The Hospital is liable for fringe benefits tax (FBT) and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

1.4 Continuity of operations

As at 30 June 2021, the Hospital had working capital deficiency of \$10.511 million (\$22.227 million). The SA Government is committed to continuing the delivery of hospital services to country and regional SA and accordingly it has demonstrated a commitment to the ongoing funding of the Hospital.

1.5 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

1.6 Changes to reporting entity

Administrative Restructure - Transferred In

2020-21

There were no administrative restructures during this period.

2019-20

As part of governance reforms and new Department structure, it was agreed that a portion of the following functions would be transferred from the Department to the Hospital, effective 1 July 2019:

- Risk and assurance internal audit
- Local Health Network based Biomedical Engineering
- Debt management

This resulted in the transfer in of net liabilities of \$0.594 million, consisting of staff benefits liabilities of \$0.589 million, Payables - staff on-costs of \$0.031 million and property plant and equipment of \$0.026 million. Fourteen full time equivalent employees were also transferred.

Net assets assumed by the Hospital as a result of the administrative restructure are at the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

CHSALHN was dissolved on 1 July 2019. Six new entities were established to provide hospital, health and aged care services to country and regional SA. As per the Health Care (Local Health Networks) Proclamation 2019 contained in the South Australian Government Gazette No 30, dated 27 June 2019, assets, rights and liabilities were transferred from CHSALHN to the relevant entity, effective 1 July 2019. This resulted in the transfer of 2,559 employees, and net assets of \$95.923 million to be received by the Hospital as detailed below.

	Consolidated	Parent
	2020	2020
	\$'000	\$'000
Assets and liabilities transferred in were:		
Assets:		
Cash	3,240	1,947
Receivables	5,518	5,486
Property, plant and equipment	150,684	63,298
Other assets	25,836	19,668
Total assets	185,278	90,399
Liabilities:		
Payables	12,340	12,338
Staff benefits	53,546	53,544
Provisions	2,683	2,683
Other liabilities	20,786	20,784
Total liabilities	89,355	89,349
Total net assets transferred in	95,923	1,050

1.7 Impact of COVID-19 pandemic on the Hospital

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital was \$7.049 million (\$2.451 million).

1.8 Changes in accounting policy

The Hospital did not change any of its accounting policies during the year.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

2. Revenues from SA Government

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	17,069	3,515	17,069	3,515
Operational funding	219,301	189,400	219,301	189,400
Total revenues from SA Government	236,370	192,915	236,370	192,915

The Department provides recurrent and capital funding under a service agreement to the Hospital for the provision of general health services. Contributions from the Department are recognised as revenues when the Hospital obtains control over the funding. Control over the funding is normally obtained upon receipt.

3. Fees and charges

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Patient and client fees	4,117	4,452	4,117	4,452
Private practice fees	504	603	504	603
Fees for health services	3,712	3,594	3,712	3,594
Residential and other aged care charges	5,274	5,297	5,274	5,297
Sale of goods - medical supplies	1,485	1,373	1,485	1,373
Other user charges and fees	3,170	3,691	3,170	3,691
Total fees and charges	18,262	19,010	18,262	19,010

The Hospital measures revenue based on the consideration specified in a major contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised at a point in time, when the Hospital satisfies performance obligations by transferring the promised goods or services to its customers.

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 23). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, the Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 13).

The Hospital recognises all revenue (contract from customers) including from the following major sources:

Patient and Client Fees

Public health care is free for medicare eligible customers. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, anaesthetist, pathology, radiology services etc. Revenue from these services is recognised on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

Private practice fees

SA Health grants SA Health employed salaried medical consultants the ability to provide billable medical services relating to the assessment, treatment and care of privately referred outpatients or private inpatients in SA Health sites. Fees derived from undertaking private practice is income derived in the hands of the specialist. The specialist appoints the Hospital as an agent in the rendering and recovery of accounts of the specialist's private practice. SA Health disburses amounts collected on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognised as it's collected as per the Rights of Private Practice Agreement.

Residential and other aged care charges

Long stay nursing home fees include daily care fees and daily accommodation fees. Residents pay fortnightly in arrears for services rendered and accommodation supplied. Revenue from these services and accommodation is recognised on a time basis as provided. Residents are invoiced fortnightly as services and accommodation are provided. Any amounts remaining unpaid or unbilled at the end of the reporting period are treated as an accounts receivable.

Fees for health services

Where the Hospital has incurred an expense on behalf of another entity, payment is recovered from the other entity by way of a recharge of the cost incurred. These fees can relate to the recharge of salaries and wages or various goods and services. Revenue is recognised on a time-and-material basis as provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

4. Grants and contributions

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	19,073	16,458	19,005	16,458
Commonwealth aged care subsidies	11,131	10,763	11,131	10,763
SA Government capital contributions	-	-	59	39
Other SA Government grants and contributions	2,226	1,642	2,441	1,818
Private sector grants and contributions	413	250	413	250
Total grants and contributions	32,843	29,113	33,049	29,328

The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Of the \$32.843 million (\$29.113 million) provided during the reporting period for grants and contributions, \$30.657 million (\$22.231 million) was provided for specific purposes such as aged care, community health services and other related health services.

5. Resources received free of charge

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Land and buildings	150	35	-	-
Plant and equipment	12	217	12	217
Services	3,034	2,276	3,034	2,276
Total resources received free of charge	3,196	2,528	3,046	2,493

Resources received free of charge include property, plant and equipment and are recorded at their fair value.

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$2,133 million (\$2.276 million) and ICT services from the Department of Premier and Cabinet (DPC) valued at \$0.901 million (\$Nil), following Cabinet's approval to cease intra-government charging.

Although not recognised, the Hospital receives volunteer services from around 400 volunteers who provide patient and staff support services to individuals using the Hospital's services. The services include but are not limited to: patient liaison and support, administrative support, chaplain and library services, pet therapy, transport, community activities, gardening, kiosks, and community advocacy.

6. Net gain/(loss) from disposal of non-current and other assets

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Plant and equipment:				
Proceeds from disposal	-	33	-	33
Less carrying amount of assets disposed	(14)	-	(14)	-
Net gain/(loss) from disposal of plant and equipment	(14)	33	(14)	33

Total assets:

Total proceeds from disposal	-	33	-	33
Less total carrying amount of assets disposed	(14)	-	(14)	-
Less other costs of disposal	-	-	-	-
Total net gain/(loss) from disposal of assets	(14)	33	(14)	33

Gains or losses on disposal are recognised at the date control of the asset is passed from the Hospital and are determined after deducting the carrying amount of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

7. Other revenues/income

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Donations	422	394	145	108
Health recoveries	27,771	31,010	27,771	31,010
Insurance recoveries	12	26	12	26
Other	141	108	128	107
Total other revenues/income	28,346	31,538	28,056	31,251

8. Staff benefits expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	143,491	134,819	143,491	134,819
Targeted voluntary separation packages (refer below)	522	-	522	-
Long service leave	1,837	3,803	1,837	3,803
Annual leave	13,289	12,909	13,289	12,909
Skills and experience retention leave	764	749	764	749
Staff on-costs - superannuation*	15,110	14,514	15,110	14,514
Staff on-costs - other	-	3	-	3
Workers compensation	1,312	1,443	1,312	1,443
Board and committee fees	217	227	217	227
Other staff related expenses	64	-	64	-
Total staff benefits expenses	176,606	168,467	176,606	168,467

* The superannuation employment on-cost charge represents the Hospital's contribution to superannuation plans in respect of current services of staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

8.1 Key Management Personnel

Key management personnel (KMP) of the consolidated and parent entity includes the Minister, the seven (five) members of the Governing Board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the eleven (nine) members of the Executive Management Group.

The compensation detailed below excludes salaries and other benefits received by:

- The Minister for Health and Wellbeing. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department. The Chief Executive of the Department is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

Compensation	2021	2020
	\$'000	\$'000
Salaries and other short term employee benefits	2,964	1,989
Post-employment benefits	366	235
Total	3,330	2,224

The Hospital did not enter into any transactions with key management personnel or their close family during the reporting period that were not consistent with normal procurement arrangements.

8.2 Remuneration of Boards and Committees

The number of board or committee members whose remuneration received or receivable falls within the following bands is:

	2021	2020
	No. of Members	No. of Members
\$0	1	-
\$1 - \$20,000	10	12
\$20,001 - \$40,000	4	5
\$40,001 - \$60,000	1	-
Total	16	17

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

The total remuneration received or receivable by members was \$0.207 million (\$0.227 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Refer to note 33 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

8.3 Remuneration of staff

	Consolidated		Parent	
	2021 Number	2020 Number	2021 Number	2020 Number
The number of staff whose remuneration received or receivable falls within the following bands:				
\$154,678 - \$175,000	16	17	16	17
\$175,001 - \$195,000	5	3	5	3
\$195,001 - \$215,000	2	2	2	2
\$215,001 - \$235,000	2	1	2	1
\$235,001 - \$255,000	3	1	3	1
\$255,001 - \$275,000	1	-	1	-
\$275,001 - \$295,000	3	3	3	3
\$295,001 - \$315,000	2	3	2	3
\$315,001 - \$335,000	3	2	3	2
\$335,001 - \$355,000	5	3	5	3
\$355,001 - \$375,000	-	1	-	1
\$375,001 - \$395,000	3	5	3	5
\$395,001 - \$415,000	2	1	2	1
\$415,001 - \$435,000	3	3	3	3
\$435,001 - \$455,000	3	2	3	2
\$475,001 - \$495,000	1	1	1	1
\$495,001 - \$515,000	1	-	1	-
\$515,001 - \$535,000	1	1	1	1
\$555,001 - \$575,000	-	2	-	2
\$575,001 - \$595,000	1	1	1	1
\$595,001 - \$615,000	1	-	1	-
\$635,001 - \$655,000	-	1	-	1
\$655,001 - \$675,000	1	-	1	-
\$715,001 - \$735,000	1	-	1	-
Total number of staff	60	53	60	53

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any related fringe benefits tax. This does not include any offsets or recharges to other entities.

8.4 Remuneration of staff by classification

The total remuneration received by staff included above:

	Consolidated				Parent			
	2021		2020		2021		2020	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	3	687	2	490	3	687	2	490
Medical (excluding Nursing)	40	14,481	38	13,228	40	14,481	38	13,228
Non-medical (i.e. administration)	4	883	4	633	4	883	4	633
Nursing	13	2,154	9	1,473	13	2,154	9	1,473
Total	60	18,205	53	15,824	60	18,205	53	15,824

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

8.5 Targeted voluntary separation packages

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amount paid/payable to separated staff:				
Targeted voluntary separation packages	522	-	522	-
Leave paid/payable to separated employees	192	-	192	-
Net cost to the Hospital	714	-	714	-

The number of staff who received a TVSP during the reporting period	5	-	5	-
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9. Supplies and services

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Administration	512	591	511	591
Advertising	429	507	429	507
Communication	1,817	1,412	1,817	1,412
Computing	3,135	3,441	3,135	3,441
Consultants	353	298	353	298
Contract of services	8,604	7,764	8,604	7,764
Contractors	1,151	1,249	1,151	1,249
Contractors - agency staff	11,205	7,368	11,205	7,368
Drug supplies	3,084	2,736	3,084	2,736
Electricity, gas and fuel	1,767	1,937	1,767	1,937
Fee for service	22,987	22,074	22,987	22,074
Food supplies	2,390	2,238	2,390	2,238
Housekeeping	2,111	1,875	2,111	1,875
Insurance	2,621	2,387	2,621	2,387
Internal SA Health SLA payments	1,556	1,518	1,556	1,518
Legal	32	39	32	39
Medical, surgical and laboratory supplies	14,112	12,159	14,112	12,159
Minor equipment	1,951	1,726	1,951	1,726
Motor vehicle expenses	601	639	601	639
Occupancy rent and rates	1,471	1,401	1,471	1,401
Patient transport	13,291	14,115	13,291	14,115
Postage	614	572	614	572
Printing and stationery	930	822	930	822
Repairs and maintenance	5,477	5,644	5,476	5,644
Security	685	394	685	394
Services from Shared Services SA	2,153	2,276	2,153	2,276
Short term lease expense	230	173	230	173
Training and development	1,755	1,829	1,755	1,829
Travel expenses	825	729	825	729
Other supplies and services	1,827	2,658	1,825	2,658
Total supplies and services	109,676	102,571	109,672	102,571

- (1) Fee for Service primarily relates to medical services provided by doctors not employed by the Hospital.
- (2) Accommodation – a part of the Hospital's accommodation is provided by the Department for Infrastructure and Transport (DIT) under a Memorandum of Administrative Arrangement issued in accordance with Government wide accommodation policies, these arrangements do not meet the definition of a lease and accordingly are disclosed within Occupant rent and rates.
- (3) Patient transport includes costs incurred under the Patient Assisted Transport Scheme (PATS), a transport subsidy scheme established to assist rural and remote residents to access medical specialist care not available locally. This service is provided across all regional SA as part of RSS.

The Hospital recognises lease payments associated with short term leases (12 months or less) and leases for which the underlying asset is low value (less than \$15,000) as an expense on a straight line basis over the lease term. Lease commitments for short term leases is similar to short term lease expenses disclosed.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

Consultants

The number of consultancies and dollar amount paid/payable (included in supplies and service expense) to consultants that fell within the following bands

	Consolidated				Parent			
	2021		2020		2021		2020	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	2	3	5	27	2	3	5	27
Above \$10,000	6	350	4	271	6	350	4	271
Total	8	353	9	298	8	353	9	298

10. Grants and subsidies

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Subsidies	2	3	2	3
Funding to non-government organisations	295	395	295	395
Other	129	299	-	-
Total grants and subsidies	426	697	297	398

Other grants largely relate to grants paid by unincorporated HACs to the LHN with which the HAC is associated. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

11. Other expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Debts written off	79	48	79	48
Bank fees and charges	12	19	12	18
Donated assets expense	518	768	1,854	821
Other*	252	353	252	353
Total other expenses	861	1,188	2,197	1,240

Donated assets expense includes transfer of buildings and improvements and plant and equipment and is recorded as expenditure at their fair value.

* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.119 million (\$0.170 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to Galpins Accountants Auditors and Business Consultants of \$0.050 million (\$0.058 million) for audits of the HACs and aged care.

12. Cash and cash equivalents

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	2,045	3,570	736	2,080
Deposits with Treasurer: general operating	16,183	4,492	16,183	4,492
Deposits with Treasurer: special purpose funds	10	7	10	7
Total cash and cash equivalents	18,238	8,069	16,929	6,579

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

13. Receivables

	Consolidated		Parent	
	2021	2020	2021	2020
Current	\$'000	\$'000	\$'000	\$'000
Patient/client fees: compensable	237	201	237	201
Patient/client fees: aged care	688	902	688	902
Patient/client fees: other	585	511	585	511
Debtors	1,889	947	1,890	947
Less: allowance for impairment loss on receivables	(1,154)	(339)	(1,154)	(339)
Prepayments	401	817	401	817
Interest	16	34	12	13
Workers compensation provision recoverable	445	453	445	453
Sundry receivables and accrued revenue	1,456	936	1,476	955
GST input tax recoverable	169	166	169	166
Total current receivables	4,732	4,628	4,749	4,626
Non-current				
Debtors	39	22	39	22
Workers compensation provision recoverable	717	755	717	755
Total non-current receivables	756	777	756	777
Total receivables	5,488	5,405	5,505	5,403

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospital's trading terms for receivables are generally 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

13.1 Impairment of receivables

The Hospital has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment provision.

Movement in the allowance for impairment loss on receivables:

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Transfer through administrative restructure	-	278	-	278
Carrying amount at the beginning of the period	339	-	339	-
Increase/(Decrease) in allowance recognised in profit or loss	814	61	814	61
Carrying amount at the end of the period	1,154	339	1,154	339

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 30 for details regarding credit risk and the methodology for determining impairment.

14. Other financial assets

The consolidated and parent entity holds term deposits of \$22.578 million (\$21.282 million) and \$16.461 million (\$15.233 million) respectively. Of these deposits \$14.997 million (\$13.891 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

15. Inventories

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Drug supplies	400	292	400	292
Medical, surgical and laboratory supplies	579	477	579	477
Food and hotel supplies	101	90	101	90
Engineering supplies	1	-	1	-
Other	22	22	22	22
Total current inventories - held for distribution	1,103	881	1,103	881

All inventories are held for distribution at no or nominal consideration and are measured at the lower of average weighted cost and replacement cost. The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised as an expense reduction.

16. Property, plant and equipment, investment property and intangible assets

16.1 Acquisition and recognition of non-current assets

Property, plant and equipment owned by the Hospital are initially recorded on a cost basis, and subsequently measured at fair value. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

The Hospital capitalises owned property, plant and equipment with a value equal to or in excess of \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or greater than \$5 million for infrastructure assets and \$1 million for other assets.

16.2 Depreciation and amortisation of non-current assets

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reviewed and adjusted if appropriate on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Depreciation and amortisation are calculated on a straight line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 - 80
Right-of-use buildings	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 20
• Computing equipment	3 - 5
• Vehicles	2 - 20
• Other plant and equipment	3 - 30
Right-of-use plant and equipment	Lease term
Intangibles	5 - 10

16.3 Revaluation

All non-current tangible assets owned by the Hospital are subsequently measured at fair value after allowing for accumulated depreciation (written down current cost).

Revaluation of non-current assets or a group of assets is only performed when the owned asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value. If at any time management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any asset revaluation surplus relating to that asset is transferred to retained earnings

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

16.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. Fair value is assessed each year. There were no indications of impairment for property, plant and equipment or intangibles as at 30 June 2021.

16.5 Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation period and the amortisation method for intangible assets with finite useful lives is reviewed on an annual basis. Amortisation is not recognised against these intangible assets.

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria and recognition criteria and when the amount of expenditure is greater than or equal to \$10,000. Capitalised software is amortised over the useful life of the asset.

16.6 Land and buildings

Fair value of unrestricted land was determined using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and buildings being valued such as size, location and current use. For land classified as restricted in use, fair value was determined by applying an adjustment to reflect the restriction.

Fair value of buildings and other land was determined using depreciated replacement cost due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets; the size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and acquisitions/transfer costs.

16.7 Plant and equipment

The value of plant and equipment has not been revalued and in accordance with APS 116D the carrying value is deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

16.8 Leased property, plant and equipment

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there were no indications of impairment. Additions to right-of-use assets during 2020-21 were \$1.199 million (\$0.198 million). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 9.

The Hospital has a number of lease agreements including concessional. Lease terms vary in length from 2 to 5 years. Major lease activities include the use of:

- Properties – are health clinics generally leased from the private sector. Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

The Hospital has not committed to any lease arrangements that have not commenced. The Hospital has not entered into any sub-lease arrangements outside of the Consolidated Entity.

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 20. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 17 and 20. Cash outflows related to right-of-use assets are disclosed at note 24.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

17. Reconciliation of property, plant and equipment

The following table shows the movement:

Consolidated

2020-21

	Land and buildings:			Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	12,511	123,946	1,777	4,427	-	2,360	1,914	871	630	148,436
Additions	1,100	400	1,199	14,630	-	462	-	500	528	18,819
Assets received free of charge	-	150	-	-	-	-	-	-	12	162
Disposals	-	-	-	-	-	(9)	(5)	(6)	-	(20)
Donated assets disposal	-	-	-	-	-	(83)	-	-	(435)	(518)
Transfers between asset classes	-	2,023	-	(2,390)	367	208	-	-	(208)	-
Other movements	-	1	44	-	-	-	-	-	-	45
Subtotal:	13,611	126,520	3,020	16,667	367	2,938	1,909	1,365	527	166,924
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(6,331)	(658)	-	(96)	(853)	(276)	(594)	-	(8,808)
Subtotal:	-	(6,331)	(658)	-	(96)	(853)	(276)	(594)	-	(8,808)
Carrying amount at the end of the period*	13,611	120,189	2,362	16,667	271	2,085	1,633	771	527	158,116
Gross carrying amount										
Gross carrying amount	13,611	137,444	3,535	16,667	367	4,342	2,171	1,556	527	180,220
Accumulated depreciation / amortisation	-	(17,255)	(1,173)	-	(96)	(2,257)	(538)	(785)	-	(22,104)
Carrying amount at the end of the period	13,611	120,189	2,362	16,667	271	2,085	1,633	771	527	158,116

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

Consolidated

2019-20

	Land and buildings:			Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	12,511	129,293	2,160	3,660	-	2,507	1,780	1,240	911	154,062
Additions	-	12	198	1,961	-	423	73	224	644	3,535
Assets received free of charge	-	35	-	-	-	217	-	-	-	252
Disposals	-	-	-	-	-	-	-	(9)	-	(9)
Donated assets disposal	-	-	-	(277)	-	-	-	-	(491)	(768)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	26	-	-	-	26
Transfers between asset classes	-	917	-	(917)	-	110	324	-	(434)	-
Subtotal:	12,511	130,257	2,358	4,427	-	3,283	2,177	1,455	630	157,098
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(6,311)	(581)	-	-	(923)	(263)	(584)	-	(8,662)
Subtotal:	-	(6,311)	(581)	-	-	(923)	(263)	(584)	-	(8,662)
Carrying amount at the end of the period*	12,511	123,946	1,777	4,427	-	2,360	1,914	871	630	148,436
Gross carrying amount										
Gross carrying amount	12,511	134,870	2,292	4,427	-	3,803	2,177	1,390	630	162,100
Accumulated depreciation / amortisation	-	(10,924)	(515)	-	-	(1,443)	(263)	(519)	-	(13,664)
Carrying amount at the end of the period	12,511	123,946	1,777	4,427	-	2,360	1,914	871	630	148,436

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

Parent

2020-21

	Land and buildings:			Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	3,078	50,250	1,777	4,427	-	2,360	1,914	871	630	65,307
Additions	1,100	400	1,199	14,630	-	462	-	500	528	18,819
Assets received free of charge	-	-	-	-	-	-	-	-	12	12
Disposals	-	-	-	-	-	(9)	(5)	(6)	-	(20)
Donated assets disposal	-	-	-	(1,336)	-	(83)	-	-	(435)	(1,854)
Transfers between asset classes	-	687	-	(1,054)	367	208	-	-	(208)	-
Other movements	-	-	44	-	-	-	-	-	-	44
Subtotal:	4,178	51,337	3,020	16,667	367	2,938	1,909	1,365	527	82,308
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(1,966)	(658)	-	(96)	(853)	(276)	(594)	-	(4,443)
Subtotal:	-	(1,966)	(658)	-	(96)	(853)	(276)	(594)	-	(4,443)
Carrying amount at the end of the period*	4,178	49,371	2,362	16,667	271	2,085	1,633	771	527	77,865
Gross carrying amount										
Gross carrying amount	4,178	53,301	3,535	16,667	367	4,342	2,171	1,556	527	86,644
Accumulated depreciation / amortisation	-	(3,930)	(1,173)	-	(96)	(2,257)	(538)	(785)	-	(8,779)
Carrying amount at the end of the period	4,178	49,371	2,362	16,667	271	2,085	1,633	771	527	77,865

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

Parent

2019-20

	Land and buildings:			Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	3,078	51,338	2,160	3,660	-	2,507	1,780	1,240	911	66,674
Additions	-	12	198	1,961	-	423	73	224	644	3,535
Assets received free of charge	-	-	-	-	-	217	-	-	-	217
Disposals	-	-	-	-	-	-	-	(9)	-	(9)
Donated assets disposal	-	(12)	-	(318)	-	-	-	-	(491)	(821)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	26	-	-	-	26
Transfers between asset classes	-	876	-	(876)	-	110	324	-	(434)	-
Subtotal:	3,078	52,214	2,358	4,427	-	3,283	2,177	1,455	630	69,622
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(1,964)	(581)	-	-	(923)	(263)	(584)	-	(4,315)
Subtotal:	-	(1,964)	(581)	-	-	(923)	(263)	(584)	-	(4,315)
Carrying amount at the end of the period*	3,078	50,250	1,777	4,427	-	2,360	1,914	871	630	65,307
Gross carrying amount										
Gross carrying amount	3,078	52,214	2,292	4,427	-	3,803	2,177	1,390	630	70,011
Accumulated depreciation / amortisation	-	(1,964)	(515)	-	-	(1,443)	(263)	(519)	-	(4,704)
Carrying amount at the end of the period	3,078	50,250	1,777	4,427	-	2,360	1,914	871	630	65,307

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

18. Fair value measurement

The Hospital classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets, and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market, and are derived from inputs (inputs other than quoted prices included within Level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market, and are derived from unobservable inputs.

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 16 and 18.2 and for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

18.1 Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value at Level 3 which are all recurring. There are no non-recurring fair value measurements.

There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2020 and 2021, the Hospital had no valuations categorised into Level 1 or Level 2.

18.2 Valuation techniques and inputs

Due to the predominantly specialised nature of health service assets, the majority of land and buildings have been undertaken using a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. The extent of unobservable inputs and professional judgement required in valuing these assets is significant, and as such they are deemed to have been valued using Level 3 valuation inputs.

Unobservable inputs used to arrive at final valuation figures included:

- Estimated remaining useful life, which is an economic estimate and by definition, is subject to economic influences;
- Cost rate, which is the estimated cost to replace an asset with the same service potential as the asset undergoing valuation (allowing for over-capacity), and based on a combination of internal records including: refurbishment and upgrade costs, historical construction costs, functional utility users, industry construction guides, specialised knowledge and estimated acquisition/transfer costs;
- Characteristics of the asset, including condition, location, any restrictions on sale or use and the need for ongoing provision of Government services;
- Effective life, being the expected life of the asset assuming general maintenance is undertaken to enable functionality but no upgrades are incorporated which extend the technical life or functional capacity of the asset; and
- Depreciation methodology, noting that AASB 13 dictates that regardless of the depreciation methodology adopted, the exit price should remain unchanged.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

19. Payables

	Consolidated		Parent	
	2021	2020	2021	2020
Current	\$'000	\$'000	\$'000	\$'000
Creditors and accrued expenses	6,050	6,697	6,050	6,547
Paid Parental Leave Scheme	27	51	27	51
Staff on-costs*	2,357	2,205	2,357	2,205
Other payables	162	105	162	105
Total current payables	8,596	9,058	8,596	8,908
Non-current				
Staff on-costs*	1,268	1,275	1,268	1,275
Total non-current payables	1,268	1,275	1,268	1,275
Total payables	9,864	10,333	9,864	10,183

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owed and unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Staff on-costs are settled when the respective staff benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to their short term nature.

*Staff on-costs include Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged. The Hospital makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged from 38% and the average factor for the calculation of employer superannuation on-costs has also changed from the 2020 rate (9.8%) to 10.1% to reflect the increase in super guarantee. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employee benefits expenses and the employment on-cost liability of \$0.090 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

The Paid Parental Leave Scheme payable represents amounts which the Hospital has received from the Commonwealth Government to forward onto eligible staff via the Hospital's standard payroll processes. That is, the Hospital is acting as a conduit through which the payment to eligible staff is made on behalf of the Family Assistance Office.

Refer to note 30 for information on risk management.

20. Financial liabilities

	Consolidated		Parent	
	2021	2020	2021	2020
Current	\$'000	\$'000	\$'000	\$'000
Lease liabilities	1,106	970	1,106	970
Total current financial liabilities	1,106	970	1,106	970
Non-current	\$'000	\$'000	\$'000	\$'000
Lease liabilities	2,117	1,711	2,117	1,711
Total non-current financial liabilities	2,117	1,711	2,117	1,711
Total financial liabilities	3,223	2,681	3,223	2,681

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. Borrowing costs of \$0.043 million (\$0.049 million) relate to interest on lease liabilities. There were no defaults or breaches on any of the above liabilities throughout the year.

Refer to note 30 for information on risk management.

Refer note 16 and 17 for details about the right of use assets (including depreciation) and note 20 for financing costs associated with these leasing activities.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

20.1 Maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Lease Liabilities				
1 to 3 years	1,510	1,275	1,510	1,275
3 to 5 years	215	460	215	460
5 to 10 years	411	13	411	13
Total lease liabilities (undiscounted)	2,136	1,748	2,136	1,748

21. Staff benefits

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	5,212	5,205	5,212	5,205
Annual leave	15,569	14,769	15,569	14,769
Long service leave	2,812	2,999	2,812	2,999
Skills and experience retention leave	1,307	1,229	1,307	1,229
Other	12	-	12	-
Total current staff benefits	24,912	24,202	24,912	24,202
Non-current				
Long service leave	31,992	33,131	31,992	33,131
Total non-current staff benefits	31,992	33,131	31,992	33,131
Total staff benefits	56,904	57,333	56,904	57,333

Staff benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

21.1 Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability are payable later than 12 months, the liability will be measured at present value.

The actuarial assessment performed by DTF left the salary inflation rate at 2.0% for annual leave and skills and experience retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

No provision has been made for sick leave, as all sick leave is non-vesting, and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

21.2 Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities and the health sector across government.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 1.50%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$2.163 million, payables (staff on-costs) of \$0.083 million and staff benefits expense of \$2.246 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

22. Provisions

22.1 Workers Compensation

Reconciliation of workers compensation (statutory and non-statutory)

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Transfer through administrative restructuring	-	2,683	-	2,683
Carrying amount at the beginning of the period	3,191	-	3,191	-
Increase in provisions recognised	480	830	480	830
Reductions arising from payments/other sacrifices of future economic benefits	(143)	(322)	(143)	(322)
Carrying amount at the end of the period	3,528	3,191	3,528	3,191

Workers compensation

The Hospital is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Hospital is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Although the Department provides funds to the Hospital for the settlement of lump sum and redemption payments, the cost of these claims, together with other claim costs, are met directly by the Hospital, and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial estimate of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June 2021. No risk margin is included in this estimate.

There is a significant degree of uncertainty associated with estimating future claims and expense payments. The liability is impacted by the agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

Additional compensation for certain work-related injuries or illnesses (additional compensation)

The Hospital has recognised an additional compensation provision which provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June 2021. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in this estimate.

There is a significant degree of uncertainty associated with this estimate. In addition to the general uncertainties with estimating future claim and expense payments, the additional compensation provision is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate. Assumptions used will continue to be refined to reflect emerging experience.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

23. Contract liabilities and other liabilities

	Consolidated		Parent	
	2021	2020	2021	2020
Current	\$'000	\$'000	\$'000	\$'000
Unclaimed monies	5	-	5	-
Contract liabilities	5,985	5,330	5,985	5,330
Residential aged care bonds	15,027	16,142	15,027	16,142
Other	9	16	9	16
Total contract liabilities and other liabilities	21,026	21,488	21,026	21,488

A contract liability is recognised for revenue relating to home care packages, training programs and other health programs received in advance and is realised as agreed milestones have been achieved. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

Residential aged care bonds are accommodation bonds, refundable accommodation contributions and refundable accommodation deposits. These are non-interest bearing deposits made by aged care facility residents to the Hospital upon their admission to residential accommodation. The liability for accommodation is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less applicable deductions for fees and retentions pursuant to the *Aged Care Act 1997*. Residential aged care bonds are classified as current liabilities as the Hospital does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The obligation to settle could occur at any time. Once a refunding event occurs the other liability becomes interest bearing. The interest rate applied is the prevailing interest rate at the time as prescribed by the Commonwealth Department of Health. The majority of residential aged care bonds are held in term deposits with the remainder primarily held as cash. Refer to Note 12.

24. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	18,238	8,069	16,929	6,579
Cash as per Statement of Financial Position	18,238	8,069	16,929	6,579
Balance as per Statement of Cash Flows	18,238	8,069	16,929	6,579
Reconciliation of net cash provided by operating activities to net result:				
Net cash provided by (used in) operating activities	13,371	6,276	13,533	6,299
Add/less non-cash items				
Asset donated free of charge	(518)	(775)	(1,854)	(828)
Capital revenues	15,776	138	15,776	138
Depreciation and amortisation expense of non-current assets	(8,808)	(9,427)	(4,443)	(5,080)
Gain/(loss) on sale or disposal of non-current assets	(14)	33	(14)	33
Interest credited directly to investments	51	116	3	14
Resources received free of charge	162	252	12	217
Movement in assets/liabilities				
Increase/(decrease) in inventories	222	146	222	146
Increase/(decrease) in receivables	84	(115)	103	(82)
(Increase)/decrease in other liabilities	465	(694)	463	(704)
(Increase)/decrease in payables and provisions	711	962	561	1,112
(Increase)/decrease in staff benefits	429	(3,788)	429	(3,788)
Net result	21,931	(6,876)	24,791	(2,523)

Total cash outflows for leases is \$1.237 million (\$0.768) million.

25. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

25.1 Expenditure commitments

Expenditure commitments	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Within one year	11,959	10,501	11,959	10,501
Later than one year but not longer than five years	380	163	380	163
Total expenditure commitments	12,339	10,664	12,339	10,664

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received and MOAAs with DIT for accommodation and are disclosed at nominal amounts.

25.2 Capital commitments

Capital commitments	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Within one year	349	-	349	-
Total capital commitments	349	-	349	-

The Hospital expenditure commitments are for agreements for goods and services ordered but not received related to Strathalbyn aged care and are disclosed at nominal amounts.

26. Trust funds

The Hospital holds money in trust on behalf of consumers that reside in LHN facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. As the Hospital only performs custodial role in respect of trust monies, they are excluded from the financial statements as the Hospital cannot use these funds to achieve its objectives.

	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carry amount at the beginning of period	14	15	14	15
Client trust receipts	-	-	-	-
Client trust payments	(3)	(1)	(3)	(1)
Carrying amount at the end of the period	11	14	17	14

27. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value.

The Hospital is not aware of any contingent assets or liabilities. In addition, it has made no guarantees.

28. Events after balance date

The Hospital is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised

29. Impact of Standards not yet implemented

The Hospital has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospital's general purpose financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Hospital continues to assess liabilities eg LSL and whether or not the Hospital has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

30. Financial instruments/financial risk management

30.1 Financial risk management

The Hospital's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity Risk

The Hospital is funded principally from appropriation by the SA Government. The Hospital works with DTF to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to note 1.4, 19 and 20 for further information.

Credit risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital has minimal concentration of credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital. Refer to notes 13 and 14 for further information.

Market risk

The Hospital does not engage in high risk hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. There is no exposure to foreign currency or other price risks.

30.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: financial assets measured at amortised cost; financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income; and financial liabilities measured at amortised cost are detailed below. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised cost are \$4.359 million (\$3.325 million) and \$6.085 million (\$6.952 million) respectively.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

30.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9.

The Hospital uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors. The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of receivables approximates net fair value due to being receivable on demand. Receivables are written off when there is no reasonable expectation of recovery and not subject to enforcement activity. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Hospital.

To measure the expected credit loss, receivables are grouped based on shared risks characteristics and the days past due. When estimated expected credit loss, the Consolidated entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Hospital's historical experience and informed credit assessment, including the forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The Hospital's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor. The following table provides information about the credit risk exposure and expected credit loss for non-government debtors:

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

CONSOLIDATED AND PARENT	30 June 2021			30 June 2020		
	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000
Days past due						
Current	0.1 -5.3 %	613	6	0.1 -8.3 %	782	8
<30 days	0.7 -6.4 %	223	3	0.5 -10.9 %	234	8
31-60 days	1.5 -8.3 %	95	3	1.9 -22.3 %	152	6
61-90 days	1.9 -9.9 %	112	5	2.2 -25.8 %	79	5
91-120 days	2.2 -11.1 %	84	4	2.2 -25.8 %	291	19
121-180 days	2.9 - 16.1 %	126	13	2.9 - 33.9 %	107	11
181-360 days	5.5 - 100 %	349	142	4.4 - 46.8 %	331	50
361-540 days	7.4 - 100%	271	271	7.4 - 70.1%	181	43
>540 days	8.7 - 100%	707	707	8.7 - 85.4%	409	189
Total		2,580	1,154		2,566	339

31. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

Related parties of the Hospital include all key management personnel, and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with the SA Government are identifiable throughout this financial report.

The Hospital received funding from the SA Government via the Department (note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 9). The Department transferred capital works in progress of \$15.776 million (\$0.138 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$1.096 million (\$2.909 million) (note 9) and occupancy rent and rates \$0.796 million (\$0.791 million) (note 25).

32. Interests in other entities

The Hospital has interests in a number of other entities as detailed below.

Controlled Entities

The Hospital has effective control over, and a 100% interest in, the net assets of the HACs. The HACs were established as a consequence of the Act being enacted and certain assets, rights and liabilities of the former Hospitals and Incorporated Health Centres were vested in them with the remainder being vested in the Hospital.

By proclamation dated 26 June 2008, the following assets, rights and liabilities were vested in the Incorporated HACs:

- all real property, including any estate, interest or right in, over or in respect of such property except for all assets, rights and liabilities associated with any land
- all real property, including any estate, interest or right in, over or in respect of such property except for all assets, rights and liabilities associated with any land dedicated under any legislation dealing with Crown land; and
- all funds and personal property held on trust and bank accounts and investments that are solely constituted by the proceeds of fundraising except for all gift funds, and other funds or personal property constituting gifts or deductible contributions under the Income Tax Assessment Act 1997 (Commonwealth).

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc. A proclamation on 27 June 2019 advised from 1 July 2019 Country Health SA Board Health Advisory Council Inc be renamed to Country Health Gift Fund Health Advisory Council Inc.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

The HACs have no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital also has effective control over, and a 100% interest in, the net assets of the associated GFTs. The GFT's were established by virtue of a deed executed between the Department for Health and Wellbeing and the individual HAC.

Health Advisory Council		
Incorporated HACs		
Barossa and Districts Health Advisory Council Inc	Country Health Gift Fund Health Advisory Council Inc*	Eudunda Kapunda Health Advisory Council Inc
Gawler District Health Advisory Council Inc	Hills Area Health Advisory Council Inc	Kangaroo Island Health Advisory Council Inc
Southern Fleurieu Health Advisory Council Inc		
*Unincorporated HACs included in the Country Health Gift Fund Health Advisory Council Inc		
Far North Health Advisory Council	Hawker District Memorial Health Advisory Council	Leigh Creek Health Service Health Advisory Council
Port Augusta, Roxby Downs, Woomera Health Advisory Council	Port Lincoln Health Advisory Council	Port Pirie Health Service Health Advisory Council
Quorn Health Services Health Advisory Council	Southern Flinders Health Advisory Council	Whyalla Hospital and Health Services Health Advisory Council

Gift Fund Trusts		
Incorporated GFTs		
The trustee for Country Health Gift Fund Health Advisory Council Inc Gift Fund Trust **	The trustee for Barossa and Districts Health Advisory Council Inc Gift Fund Trust	The trustee for Eudunda Kapunda Health Advisory Council Inc Gift Fund Trust
The trustee for Gawler District Health Advisory Council Inc Gift Fund Trust	The trustee for Hills Area Health Advisory Council Inc Gift Fund Trust	The trustee for Kangaroo Island Health Advisory Council Inc Gift Fund Trust
The trustee for Southern Fleurieu Health Advisory Council Inc Gift Fund Trust		
**Unincorporated GFTs included in the Country Health Gift Fund Health Advisory Council Gift Fund Trust Inc		
Far North Health Advisory Council Gift Fund Trust	Hawker District Memorial Health Advisory Council Gift Fund Trust	Leigh Creek Health Service Health Advisory Council Gift Fund Trust
Port Augusta, Roxby Downs, Woomera Health Advisory Council Gift Fund Trust	Port Lincoln Health Advisory Council Gift Fund Trust	Port Pirie Health Service Health Advisory Council Gift Fund Trust
Quorn Health Services Health Advisory Council Gift Fund Trust	Southern Flinders Health Advisory Council Gift Fund Trust	Whyalla Hospital and Health Services Health Advisory Council Gift Fund Trust

**On 27 May 2021 the Minister for Health and Wellbeing declared these unincorporated HACs to be incorporated. The transfer of assets from Country Health Gift Fund Health Advisory Council Inc to the newly incorporated HACs is yet to be formalised but is expected to occur in the 2021-22 financial year. While a formal decision is yet to be made regarding Leigh Creek Health Service Health Advisory Council, it is anticipated that it will be dissolved. That being the case, once all assets of the unincorporated HACs and their associated GFTs are transferred, Country Health Gift Fund Health Advisory Council Inc and its associated GFT will be dissolved.

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

33. Board and committee members

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS124.B were:

Board/Committee name:	Government employee members	Other members
Country Health Gift Fund Health Advisory Council Inc	-	Fuller J, Healy R, Mackay M, Mcarthur A.
Barossa Hills Fleurieu Local Health Network Governing Board	1	Blackwell P, Curran J, Fuller J (appointed 12/10/2020), Gaston C (Chair), Russell G (appointed 12/10/2020), Sexton R.
Barossa Hills Fleurieu Risk Management and Audit Committee	1	Powell, D (Chair) *

*only independent members are entitled to receive remuneration for being a member on this committee.

Refer to note 2.2 for remuneration of board and committee members

BAROSSA HILLS FLEURIEU LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2021

34. Administered items

The Hospital administers Private Practice arrangements. This represents funds billed on behalf of salaried medical officers. The Net Assets will be subsequently distributed to the Hospital and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

	2021	2020
	\$'000	\$'000
Revenue from fees and charges	4,392	4,079
Other expenses	(4,372)	(4,067)
Net result	20	12
Cash and cash equivalents	341	319
Receivables	2	2
Payables	(1)	-
Net assets	342	321
Cash at 1 July	319	309
Cash inflows	4,393	4,077
Cash outflows	(4,371)	(4,067)
Cash at 30 June	341	319