

Central Adelaide  
Local Health Network Incorporated

Financial report  
for the year ended  
30 June 2021



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## To the Chair of the Board Central Adelaide Local Health Network Incorporated

### Opinion

I have audited the financial report of the Central Adelaide Local Health Network Incorporated and the consolidated entity comprising the Central Adelaide 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 Central Adelaide 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
- a Certificate from the Board Chair, the Chief Executive Officer and the Executive Director, Finance and Business Services.

### 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 Central Adelaide 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* 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, 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*, section 36 of the *Health Care Act 2008* and Australian Accounting Standards, I have audited the financial report of the Central Adelaide Local Health Network Incorporated 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 Central Adelaide Local Health Network Incorporated's 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 and the Board 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

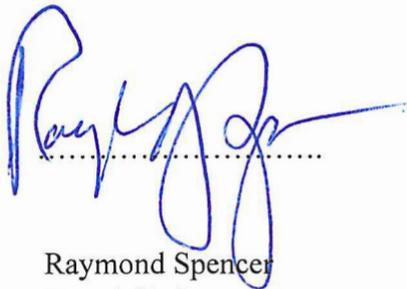
**Auditor-General**

23 September 2021

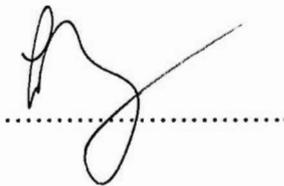
### Certification of the financial statements

We certify that the:

- financial statements of the Central Adelaide 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 Central Adelaide Local Health Network Inc. for the financial year over its financial reporting and its preparation of financial statements have been effective.



Raymond Spencer  
Board Chair



Lesley Dwyer  
Chief Executive Officer



Gary Seach  
Executive Director, Finance  
and Business Services

Date 14/9/21

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2021**

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Revenues from SA Government	2	1,970,430	1,981,104	1,970,430	1,981,104
Fees and charges	3	448,634	423,036	438,317	411,300
Grants and contributions	4	252,513	231,956	252,655	232,098
Interest	5	76	777	50	697
Resources received free of charge	6	14,662	10,501	14,662	10,501
Other revenues/income	8	85,597	104,786	84,691	103,251
<b>Total income</b>		<b>2,771,912</b>	<b>2,752,160</b>	<b>2,760,805</b>	<b>2,738,951</b>
<b>Expenses</b>					
Staff benefits expenses	9	1,565,606	1,545,828	1,557,194	1,537,048
Supplies and services	10	951,364	908,925	950,494	906,178
Depreciation and amortisation	19,20	137,290	139,602	136,500	139,003
Grants and subsidies	11	900	4,122	754	3,737
Borrowing costs	23	118,060	149,128	118,045	149,091
Net loss from disposal of non-current and other assets	7	240	145	240	158
Impairment loss on receivables	14.1	(5)	(1,539)	(14)	(1,578)
Other expenses	12	10,420	11,855	10,775	11,406
<b>Total expenses</b>		<b>2,783,875</b>	<b>2,758,066</b>	<b>2,773,988</b>	<b>2,745,043</b>
<b>Net result</b>		<b>(11,963)</b>	<b>(5,906)</b>	<b>(13,183)</b>	<b>(6,092)</b>
<b>Total comprehensive result</b>		<b>(11,963)</b>	<b>(5,906)</b>	<b>(13,183)</b>	<b>(6,092)</b>

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

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**

	Note	Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current assets</b>					
Cash and cash equivalents	13	197,293	170,694	193,375	166,439
Receivables	14	101,389	92,310	99,904	91,721
Other financial assets	15	7,376	12,547	-	7,089
Inventories	16	22,338	24,627	22,034	24,094
Contract assets	17	789	6,564	789	6,564
<b>Total current assets</b>		<b>329,185</b>	<b>306,742</b>	<b>316,102</b>	<b>295,907</b>
<b>Non-current assets</b>					
Receivables	14	5,733	4,709	5,733	4,709
Other financial assets	15	-	528	1,150	1,150
Property, plant and equipment	18,19	3,222,700	3,309,276	3,221,637	3,308,185
Investment property	18,19	5,550	5,550	-	-
Intangible assets	18,20	29,241	37,802	29,241	37,802
<b>Total non-current assets</b>		<b>3,263,224</b>	<b>3,357,865</b>	<b>3,257,761</b>	<b>3,351,846</b>
<b>Total assets</b>		<b>3,592,409</b>	<b>3,664,607</b>	<b>3,573,863</b>	<b>3,647,753</b>
<b>Current liabilities</b>					
Payables	22	92,829	100,011	91,906	99,247
Financial liabilities	23	69,904	68,702	69,459	68,541
Staff benefits	24	233,273	233,997	232,228	233,037
Provisions	25	9,667	8,235	9,667	8,235
Contract liabilities and other liabilities	26	2,240	4,341	2,182	4,200
<b>Total current liabilities</b>		<b>407,913</b>	<b>415,286</b>	<b>405,442</b>	<b>413,260</b>
<b>Non-current liabilities</b>					
Payables	22	11,762	11,770	11,762	11,770
Financial liabilities	23	2,579,586	2,636,100	2,579,529	2,636,043
Staff benefits	24	296,850	305,824	296,811	305,812
Provisions	25	25,680	12,303	25,680	12,303
Contract liabilities and other liabilities	26	-	743	-	743
<b>Total non-current liabilities</b>		<b>2,913,878</b>	<b>2,966,740</b>	<b>2,913,782</b>	<b>2,966,671</b>
<b>Total liabilities</b>		<b>3,321,791</b>	<b>3,382,026</b>	<b>3,319,224</b>	<b>3,379,931</b>
<b>Net assets</b>		<b>270,618</b>	<b>282,581</b>	<b>254,639</b>	<b>267,822</b>
<b>Equity</b>					
Retained earnings		227,883	239,719	211,904	224,960
Asset revaluation surplus		42,735	42,862	42,735	42,862
<b>Total equity</b>		<b>270,618</b>	<b>282,581</b>	<b>254,639</b>	<b>267,822</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2021**

**CONSOLIDATED**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019	43,344	246,485	289,829
Adjustments on initial adoption of Accounting Standards	-	1,846	1,846
Adjusted balance at 1 July 2019	43,344	248,331	291,675
Net result for 2019-20	-	(5,906)	(5,906)
Total comprehensive result for 2019-20	-	(5,906)	(5,906)
Transfer between equity components	(482)	482	-
Net assets received from an administrative restructure	-	(3,188)	(3,188)
Balance at 30 June 2020	42,862	239,719	282,581
Net result for 2020-21	-	(11,963)	(11,963)
Total comprehensive result for 2020-21	-	(11,963)	(11,963)
Transfer between equity components	(127)	127	-
Balance at 30 June 2021	42,735	227,883	270,618

**PARENT**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019	43,344	231,912	275,256
Adjustments on initial adoption of Accounting Standards	-	1,846	1,846
Adjusted balance at 1 July 2019	43,344	233,758	277,102
Net result for 2019-20	-	(6,092)	(6,092)
Total comprehensive result for 2019-20	-	(6,092)	(6,092)
Transfer between equity components	(482)	482	-
Net assets received from an administrative restructure	-	(3,188)	(3,188)
Balance at 30 June 2020	42,862	224,960	267,822
Net result for 2020-21	-	(13,183)	(13,183)
Total comprehensive result for 2020-21	-	(13,183)	(13,183)
Transfer between equity components	(127)	127	-
Balance at 30 June 2021	42,735	211,904	254,639

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

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2021**

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<b>Cash inflows</b>					
Receipts from SA Government		2,064,328	2,078,715	2,064,328	2,078,715
Fees and charges		294,701	301,833	285,329	288,555
Grants and contributions		260,665	241,316	260,807	241,458
Interest received		79	790	50	697
GST recovered from ATO		64,098	65,533	64,098	65,533
Other receipts		12,687	25,212	12,067	24,416
<b>Cash generated from operations</b>		<b>2,696,558</b>	<b>2,713,399</b>	<b>2,686,679</b>	<b>2,699,374</b>
<b>Cash outflows</b>					
Staff benefits payments		(1,556,091)	(1,506,918)	(1,547,784)	(1,498,026)
Payments for supplies and services		(898,416)	(903,384)	(897,981)	(899,610)
Payments of grants and subsidies		(997)	(4,609)	(851)	(4,224)
Interest paid		(107,368)	(137,088)	(107,353)	(137,051)
Other payments		(17,529)	(20,553)	(17,354)	(20,315)
<b>Cash used in operations</b>		<b>(2,580,401)</b>	<b>(2,572,552)</b>	<b>(2,571,323)</b>	<b>(2,559,226)</b>
<b>Net cash provided by operating activities</b>		<b>116,157</b>	<b>140,847</b>	<b>115,356</b>	<b>140,148</b>
<b>Cash flows from investing activities</b>					
<b>Cash inflows</b>					
Proceeds from sale of property, plant and equipment		183	181	183	168
Proceeds from sale/maturities of investments		10,161	3,106	6,560	103
<b>Cash generated from investing activities</b>		<b>10,344</b>	<b>3,287</b>	<b>6,743</b>	<b>271</b>
<b>Cash outflows</b>					
Purchase of property, plant and equipment		(25,516)	(27,142)	(25,255)	(26,684)
Purchase of intangible assets		(590)	(946)	(590)	(946)
Purchase of investments		(4,259)	(1,687)	(1)	(21)
<b>Cash used in investing activities</b>		<b>(30,365)</b>	<b>(29,775)</b>	<b>(25,846)</b>	<b>(27,651)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(20,021)</b>	<b>(26,488)</b>	<b>(19,103)</b>	<b>(27,380)</b>
<b>Cash flows from financing activities</b>					
<b>Cash outflows</b>					
Repayment of lease liabilities		(69,537)	(68,748)	(69,317)	(68,620)
<b>Cash used in financing activities</b>		<b>(69,537)</b>	<b>(68,748)</b>	<b>(69,317)</b>	<b>(68,620)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(69,537)</b>	<b>(68,748)</b>	<b>(69,317)</b>	<b>(68,620)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26,599</b>	<b>45,611</b>	<b>26,936</b>	<b>44,148</b>
Cash and cash equivalents at the beginning of the period		170,694	125,083	166,439	122,291
<b>Cash and cash equivalents at the end of the period</b>	13	<b>197,293</b>	<b>170,694</b>	<b>193,375</b>	<b>166,439</b>
Non-cash transactions	27				

The accompanying notes form part of these financial statements.

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

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## **1. About Central Adelaide Local Health Network**

The Central Adelaide Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital under the *Health Care Act 2008*. The financial statements and accompanying notes include all controlled activities of the Hospital, this includes the Hospital and AusHealth Corporate Pty Ltd (AusHealth).

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 interest in other entities is at note 35.

### *Administered Items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedules of Administered Items – refer note 37. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

### **1.1 Objectives and activities**

The Hospital is committed to protecting and improving the health of all South Australians by delivering a system that balances the provision of safe, high-quality and accessible services that are sustainable and reflective of local values, needs and priorities with strategic system leadership, regulatory responsibilities and an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Hospital is part of the SA Health portfolio providing health services for Central Adelaide, including those managed on a State-wide basis.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based tertiary and quaternary care including medical, surgical and other acute services, rehabilitation, mental health and palliative care, dental, breast screening and other community health services to veterans and other persons living within the central Adelaide metropolitan area and Statewide as appropriate.

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 for Health and Wellbeing (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.

The Hospital is comprised of:

- Royal Adelaide Hospital (RAH)
- Hampstead Rehabilitation Centre
- The Queen Elizabeth Hospital
- St Margaret's Hospital
- Pregnancy Advisory Centre
- Statewide Clinical Support Services including SA Pathology, SA Medical Imaging, SA Pharmacy and Breast Screen SA
- Donate Life
- SA Dental Service
- Glenside and community health
- Primary Health Care Services
- Prison Health SA

### **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.

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

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**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 a working capital deficiency of \$78.728 million (\$108.544 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

**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.

**1.6 Changes to the Hospital**

2020-21

There were no functions transferred in or out in 2020-21.

2019-20

Transferred In

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:

- SA Biomedical Engineering (hospital based functions and staff);
- Debt management function (patient, compensable and Medicare ineligible); and
- SA Pathology ICT function.

This resulted in the transfer in of 88 employees and net liabilities of \$3.188 million, consisting of \$0.174 million payables, \$3.055 million leave entitlements and \$0.041 million plant and equipment.

There were no functions transferred out in 2019-20.

**1.7 Impact of COVID-19 pandemic on Central Adelaide Local Health Network**

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 staff costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital were \$74.449 million (\$18.751 million).

**1.8 Change in accounting policy**

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

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**2. Revenues from SA Government**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	27,043	30,847	27,043	30,847
Operational funding	1,943,387	1,950,257	1,943,387	1,950,257
<b>Total revenues from SA Government</b>	<b>1,970,430</b>	<b>1,981,104</b>	<b>1,970,430</b>	<b>1,981,104</b>

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 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
Ambulance transport	79	74	79	74
Car parking revenue	4,544	7,994	4,544	7,994
Commissions revenue	43	65	43	65
Fines, fees and penalties	99	206	99	206
Patient and client fees	382,223	341,166	371,906	329,428
Private practice fees	33,684	43,713	33,684	43,713
Fees for health services	9,600	6,575	9,600	6,575
Royalty income	1,219	4,372	1,219	4,372
Sale of goods - medical supplies	1,124	1,076	1,124	1,076
Training revenue	41	-	41	-
Other user charges and fees	15,978	17,795	15,978	17,797
<b>Total fees and charges</b>	<b>448,634</b>	<b>423,036</b>	<b>438,317</b>	<b>411,300</b>

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 either at a point in time or over time, when (or as) the Hospital satisfies performance obligations by transferring the promised goods or services to its customers.

All revenue from fees and charges is revenue recognised from contracts with customers except for fines, fees and penalties.

Consolidated Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2021	2021	2020	2020
	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time
Ambulance transport	40	-	40	-
Car parking revenue	4,541	3	4,296	3,698
Commissions revenue	43	-	65	-
Patient and client fees	207,400	-	177,121	-
Private practice fees	33,684	-	43,713	-
Fees for health services	8,549	-	6,114	-
Royalty income	1,219	-	4,372	-
Sale of goods - medical supplies	53	-	57	-
Training revenue	41	-	-	-
Other user charges and fees	10,926	-	12,962	-
<b>Total contracts with external customers</b>	<b>266,496</b>	<b>3</b>	<b>248,740</b>	<b>3,698</b>
Ambulance transport	39	-	34	-
Patient and client fees	174,823	-	164,045	-
Fees for health services	1,051	-	461	-
Sale of goods - medical supplies	1,071	-	1,019	-
Other user charges and fees	5,052	-	4,833	-
<b>Total contracts with SA Government customers</b>	<b>182,036</b>	<b>-</b>	<b>170,392</b>	<b>-</b>
<b>Total contracts with customers</b>	<b>448,532</b>	<b>3</b>	<b>419,132</b>	<b>3,698</b>

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The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 26). 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 14 and 17).

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

*Patient and Client Fees*

Public health care is free for medicare eligible customers with the exception of co-payments for Pharmaceutical Benefits Scheme drugs. 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 medical, surgical, anaesthetic, theatre, 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 specialists private practice. SA Health disburses amounts it collects 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 is collected as per the Rights of Private Practice Agreement.

**4. Grants and contributions**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	1,884	2,246	1,884	2,246
Pharmaceutical Benefits Scheme Commonwealth subsidy	226,927	206,333	226,927	206,333
SA Government capital contributions	143	-	143	-
Other SA Government grants and contributions	1,250	834	1,392	927
Private sector grants and contributions	22,309	22,543	22,309	22,592
<b>Total grants and contributions</b>	<b>252,513</b>	<b>231,956</b>	<b>252,655</b>	<b>232,098</b>

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

Of the \$252.513 million (\$231.956 million) received in 2020-21, \$14.542 million (\$15.006 million) was provided for specific purposes, including State and Commonwealth Health initiatives - Health reforms, research and other associated activities.

**5. Interest**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest on operating accounts	26	80	-	-
Interest on Special Purpose Funds	50	697	50	697
<b>Total interest</b>	<b>76</b>	<b>777</b>	<b>50</b>	<b>697</b>

**6. Resources received free of charge**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Buildings and improvements	690	-	690	-
Plant and equipment	57	137	57	137
Services	13,902	10,364	13,902	10,364
Other	13	-	13	-
<b>Total resources received free of charge</b>	<b>14,662</b>	<b>10,501</b>	<b>14,662</b>	<b>10,501</b>

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

Buildings and improvements contributions of \$0.690 million include solar photovoltaic cells for The Queen Elizabeth Hospital.

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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 \$10.720 million (\$10.364 million) and ICT services from the Department of Premier and Cabinet valued at \$3.182 million (\$nil), following Cabinet's approval to cease intra-government charging.

In addition although not recognised the Hospital received volunteer services from the Royal Adelaide Hospital Lavender Lads and Ladies, Royal Adelaide Hospital Auxiliary, Friends of the Queen Elizabeth Hospital, Hampstead Rehabilitation Centre Volunteers and country based SA Pathology couriers. There are 477 volunteers whom provide patient and staff support services to individuals using the Hospital's services. The services include but not limited to: Emergency Department support, guide service, laundry service, RAH gift shop and a volunteer support team.

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

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Plant and equipment:</b>				
Proceeds from disposal	184	183	184	170
Less carrying amount of assets disposed	(423)	(326)	(423)	(326)
Less other costs of disposal	(1)	(2)	(1)	(2)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(240)</b>	<b>(145)</b>	<b>(240)</b>	<b>(158)</b>
<b>Total assets:</b>				
Total proceeds from disposal	184	183	184	170
Less total carrying amount of assets disposed	(423)	(326)	(423)	(326)
Less other costs of disposal	(1)	(2)	(1)	(2)
<b>Total net gain/(loss) from disposal of assets</b>	<b>(240)</b>	<b>(145)</b>	<b>(240)</b>	<b>(158)</b>

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.

**8. Other revenues/income**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Dividend revenue	197	179	-	-
Donations	6,216	6,535	6,216	6,535
Gain on revaluation of investment property	-	880	-	-
Health recoveries	71,956	69,867	71,956	69,867
Insurance recoveries	350	248	350	248
Other	6,878	27,077	6,169	26,601
<b>Total other revenues/income</b>	<b>85,597</b>	<b>104,786</b>	<b>84,691</b>	<b>103,251</b>

**9. Staff benefits expenses**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	1,271,303	1,222,062	1,264,425	1,214,838
Targeted voluntary separation packages (refer below)	2,283	24,660	2,283	24,660
Long service leave	10,936	31,772	10,857	31,695
Annual leave	118,946	119,956	118,632	119,623
Skills and experience retention leave	5,968	6,103	5,968	6,103
Staff on-costs - superannuation*	128,565	127,386	127,919	126,731
Staff on-costs - other	345	315	4	6
Workers compensation	24,264	9,889	24,217	9,833
Board and committee fees	459	431	378	341
Other staff related expenses	2,537	3,254	2,511	3,218
<b>Total staff benefits expenses</b>	<b>1,565,606</b>	<b>1,545,828</b>	<b>1,557,194</b>	<b>1,537,048</b>

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

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Refer note 24 for further discussion on long service leave movement.

**9.1 Key Management Personnel**

Key management personnel (KMP) of the Hospital includes the Minister, the seven members of the governing board, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the 16 (13) members of the Executive Management Group.

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

- The Minister. 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 is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

Compensation	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Salaries and other short term employee benefits	4,809	4,084	4,809	4,084
Post-employment benefits	720	471	720	471
Other long-term employment benefits	45	-	45	-
<b>Total</b>	<b>5,574</b>	<b>4,555</b>	<b>5,574</b>	<b>4,555</b>

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.

**9.2 Remuneration of boards and committee members**

	2021	2020
	No. of	No. of
	Members	Members
\$0	365	319
\$1 - \$20,000	75	72
\$20,001 - \$40,000	7	8
\$40,001 - \$60,000	2	1
\$60,001 - \$80,000	1	1
\$80,001 - \$100,000	-	1
<b>Total</b>	<b>450</b>	<b>402</b>

The total remuneration received or receivable by members was \$0.404 million (\$0.387 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 36 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.

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**9.3 Remuneration of staff**

Remuneration of employees	Consolidated		Parent	
	2021	2020	2021	2020
The number of staff whose remuneration received or receivable falls within the following bands:	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
\$154,678 - \$175,000	299	254	298	253
\$175,001 - \$195,000	194	170	194	170
\$195,001 - \$215,000	114	102	114	102
\$215,001 - \$235,000	69	67	68	65
\$235,001 - \$255,000	65	65	65	65
\$255,001 - \$275,000	57	49	57	49
\$275,001 - \$295,000	47	41	47	41
\$295,001 - \$315,000	44	39	44	39
\$315,001 - \$335,000	33	31	33	31
\$335,001 - \$355,000	34	34	34	34
\$355,001 - \$375,000	45	37	44	36
\$375,001 - \$395,000	33	32	33	32
\$395,001 - \$415,000	23	25	23	25
\$415,001 - \$435,000	41	42	41	42
\$435,001 - \$455,000	23	27	23	27
\$455,001 - \$475,000	28	27	28	27
\$475,001 - \$495,000	22	25	22	25
\$495,001 - \$515,000	17	20	17	20
\$515,001 - \$535,000	19	24	19	24
\$535,001 - \$555,000	15	11	15	11
\$555,001 - \$575,000	17	19	17	19
\$575,001 - \$595,000	18	19	18	19
\$595,001 - \$615,000	14	8	14	8
\$615,001 - \$635,000	9	18	9	18
\$635,001 - \$655,000	20	13	20	13
\$655,001 - \$675,000	8	8	8	8
\$675,001 - \$695,000	6	1	6	1
\$695,001 - \$715,000	6	6	6	6
\$715,001 - \$735,000	3	2	3	2
\$735,001 - \$755,000	2	1	2	1
\$755,001 - \$795,000	4	2	4	2
\$795,001 - \$815,000	2	1	2	1
\$835,001 - \$855,000	1	-	1	-
\$855,001 - \$875,000	1	1	1	1
\$895,001 - \$915,000	-	1	-	1
\$975,001 - \$995,000	-	1	-	1
\$1,135,001 - \$1,155,000	1	-	1	-
\$1,235,001 - \$1,255,000	-	1	-	1
\$1,355,001 - \$1,375,000	-	1	-	1
\$1,395,001 - \$1,415,000	1	-	1	-
<b>Total number of staff</b>	<b>1,335</b>	<b>1,225</b>	<b>1,332</b>	<b>1,221</b>

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.

**9.4 Remuneration of staff by classification**

The total remuneration received by staff, included in note 9.3:

	Consolidated				Parent			
	2021		2020		2021		2020	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	36	8,670	28	6,689	33	7,935	25	5,888
Medical (excluding Nursing)	1,138	356,828	1,071	339,440	1,138	356,828	1,071	339,440
Non-medical (i.e. allied health and administration)	59	10,885	62	11,256	59	10,885	61	11,093
Nursing	102	17,400	64	11,277	102	17,400	64	11,277
<b>Total</b>	<b>1,335</b>	<b>393,783</b>	<b>1,225</b>	<b>368,662</b>	<b>1,332</b>	<b>393,048</b>	<b>1,221</b>	<b>367,698</b>

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**9.5 Targeted voluntary separation packages (TVSP)**

	Consolidated		Parent	
	2021	2020	2021	2020
Amount paid/payable to separated staff:	\$'000	\$'000	\$'000	\$'000
Targeted voluntary separation packages	2,283	24,660	2,283	24,660
Leave paid/payable to separated employees	1,049	10,678	1,049	10,678
<b>Net cost to the Hospital</b>	<b>3,332</b>	<b>35,338</b>	<b>3,332</b>	<b>35,338</b>
<b>The number of staff who accepted a TVSP during the reporting period</b>	<b>24</b>	<b>293</b>	<b>24</b>	<b>293</b>

TVSPs include 0 (13) separations resulting from the Registered Nurse/Midwife Workforce Renewal Program.

**10. Supplies and services**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Administration	6,179	5,668	9,292	7,425
Advertising	762	570	666	359
Communication	5,333	2,741	5,160	2,629
Computing	23,673	24,090	22,972	23,536
Consultants	747	1,638	727	1,581
Contract of services	6,798	6,663	6,798	6,663
Contractors	12,498	20,601	12,444	20,551
Contractors - agency staff	40,598	38,444	40,576	38,408
Cost of goods sold	1,734	1,965	-	-
Drug supplies	277,591	259,889	277,591	259,889
Electricity, gas and fuel	14,328	16,497	14,285	16,449
Fee for service	47,175	46,712	47,175	46,712
Food supplies	4,703	4,834	4,703	4,834
Housekeeping	25,933	24,517	25,827	24,420
Insurance	12,681	11,847	12,614	11,787
Internal SA Health SLA payments	23,025	22,463	23,025	22,463
Interstate patient transfers	37	10	37	10
Legal	1,458	1,095	1,402	1,016
Medical, surgical and laboratory supplies	196,648	168,087	196,648	168,087
Minor equipment	7,839	6,799	7,816	6,781
Motor vehicle expenses	1,664	1,581	1,664	1,581
Occupancy rent and rates	11,570	11,860	11,506	11,756
Patient transport	8,815	8,894	8,815	8,894
Postage	9,255	7,420	9,231	7,390
Printing and stationery	4,557	4,596	4,538	4,569
Public Private Partnership operating expenses	98,108	94,943	98,108	94,943
Repairs and maintenance	35,233	32,573	35,201	32,543
Security	21,412	18,250	21,412	18,250
Services from Shared Services SA	10,878	10,827	10,878	10,827
Short term lease expense	1,083	1,373	1,083	1,373
Training and development	11,927	21,335	11,837	21,158
Travel expenses	2,105	2,568	1,932	2,316
Other supplies and services	25,017	27,575	24,531	26,978
<b>Total supplies and services</b>	<b>951,364</b>	<b>908,925</b>	<b>950,494</b>	<b>906,178</b>

Accommodation – a part of the Hospital's accommodation is provided by the Department for Infrastructure and Transport (DIT) under MoAA issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within Occupancy rent and rates).

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.

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**Consultants**

The number of consultancies and dollar amount paid/payable (included in supplies and services 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	8	52	8	18	4	32	2	7
Above \$10,000	8	695	22	1,620	8	695	21	1,574
<b>Total</b>	<b>16</b>	<b>747</b>	<b>30</b>	<b>1,638</b>	<b>12</b>	<b>727</b>	<b>23</b>	<b>1,581</b>

**11. Grants and subsidies**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Subsidies	146	385	-	-
Funding to non-government organisations	754	3,737	754	3,737
<b>Total grants and subsidies</b>	<b>900</b>	<b>4,122</b>	<b>754</b>	<b>3,737</b>

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

**12. Other expenses**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Debts written off	2,331	1,838	2,316	1,810
Bank fees and charges	103	105	62	48
Donated assets expense	-	1,182	-	1,182
Net loss on revaluation of investments	-	188	530	-
Net loss on sale of investments	-	23	-	-
Royalty payments	3,046	2,726	3,046	2,726
Other*	4,940	5,793	4,821	5,640
<b>Total other expenses</b>	<b>10,420</b>	<b>11,855</b>	<b>10,775</b>	<b>11,406</b>

Donated assets expense includes transfer of 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 1987* of \$0.382 million (\$0.398 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to BDO for audit services for AusHealth of \$0.030 million (\$0.029 million).

**13. Cash and cash equivalents**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	6,616	6,660	2,698	2,405
Deposits with Treasurer: general operating	60,298	46,513	60,298	46,513
Deposits with Treasurer: special purpose funds	130,379	117,521	130,379	117,521
<b>Total cash and cash equivalents</b>	<b>197,293</b>	<b>170,694</b>	<b>193,375</b>	<b>166,439</b>

Cash is measured at nominal amounts. The Hospital earns interest on the special purpose deposit account and the operating accounts held by AusHealth.

The Hospital receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by the Hospital, and are used to help achieve the Hospital's objectives, notwithstanding that specific uses can be determined by the grantor or donor. Accordingly, the amounts are treated as revenue at the time they are earned or at the time control passes to the Hospital.

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**14. Receivables**

	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current</b>				
Patient/client fees: compensable	9,736	6,846	9,736	6,846
Patient/client fees: other	29,246	28,715	29,246	28,715
Debtors	14,829	11,972	13,355	11,526
Less: allowance for impairment loss on receivables	(5,153)	(5,158)	(5,009)	(5,023)
Prepayments	2,142	1,739	1,932	1,554
Interest	-	3	-	-
Grants	40	4	40	4
Workers compensation provision recoverable	2,895	2,699	2,895	2,699
Sundry receivables and accrued revenue	46,716	44,523	46,672	44,396
GST input tax recoverable	938	967	1,037	1,004
<b>Total current receivables</b>	<b>101,389</b>	<b>92,310</b>	<b>99,904</b>	<b>91,721</b>
<b>Non-current</b>				
Debtors	654	174	654	174
Workers compensation provision recoverable	5,079	4,535	5,079	4,535
<b>Total non-current receivables</b>	<b>5,733</b>	<b>4,709</b>	<b>5,733</b>	<b>4,709</b>
<b>Total receivables</b>	<b>107,122</b>	<b>97,019</b>	<b>105,637</b>	<b>96,430</b>

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.

**14.1 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 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Carrying amount at the beginning of the period</b>	<b>5,158</b>	<b>6,697</b>	<b>5,023</b>	<b>6,601</b>
Increase/(Decrease) in allowance recognised in profit or loss	(5)	(1,539)	(14)	(1,578)
<b>Carrying amount at the end of the period</b>	<b>5,153</b>	<b>5,158</b>	<b>5,009</b>	<b>5,023</b>

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 33 for details relating to credit risk and the methodology for determining impairment.

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**15. Other financial assets**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Term deposits	81	2,281	-	742
Other investments FVPL	7,295	10,266	-	6,347
<b>Total current investments</b>	<b>7,376</b>	<b>12,547</b>	<b>-</b>	<b>7,089</b>
<b>Non-current</b>				
Term deposits	-	80	-	-
Interest in wholly owned subsidiary	-	-	1,150	1,150
Other investments FVPL	-	448	-	-
<b>Total non-current investments</b>	<b>-</b>	<b>528</b>	<b>1,150</b>	<b>1,150</b>
<b>Total investments</b>	<b>7,376</b>	<b>13,075</b>	<b>1,150</b>	<b>8,239</b>

The Hospital measures term deposits at amortised cost, listed equities and other investments are measured as fair value represented by market value. Other investments include shares in other corporations, floating rate notes, listed securities and managed funds.

There is no impairment on other financial assets. Refer to note 33 for further information on risk management.

**16. Inventories**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Drug supplies	14,016	16,680	14,016	16,680
Inventory imprest stock	7,881	7,285	7,881	7,285
Other	441	662	137	129
<b>Total current inventories - held for distribution</b>	<b>22,338</b>	<b>24,627</b>	<b>22,034</b>	<b>24,094</b>

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.

**17. Contract assets**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Less: allowance for impairment loss on contract assets	-	-	-	-
Contract assets	789	6,564	789	6,564
<b>Total contract assets</b>	<b>789</b>	<b>6,564</b>	<b>789</b>	<b>6,564</b>

Contract assets primarily relate to the Hospital's rights to consideration for work completed but not yet billable at the reporting date. The Hospital has recognised revenue for pathology services provided but not yet processed through the billing system. Payments for pathology services are not due from the customer until the pathology services are correctly coded and therefore a contract asset is recognised over the period in which pathology services are performed to represent the Hospital's right to consideration for the services transferred to date. Any amounts previously recognised as a contract asset are transferred to receivables when the rights become unconditional (i.e. at the point at which it is invoiced to the customer).

There were no impairment losses recognised on contract assets in the reporting period.

**18. Property, plant and equipment, investment property and intangible assets**

**18.1 Acquisition and recognition**

Property, plant and equipment owned by the Hospital are initially recorded on a cost basis, and are 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.

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The Hospital capitalises all owned property, plant and equipment valued at or greater than \$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.

### **18.2 Depreciation and amortisation**

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 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 is 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	30 - 200
Right-of-use buildings	Lease term
Accommodation and Leasehold improvements	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 - 25
Right-of-use plant and equipment	Lease term
Intangible assets	5 - 10

### **18.3 Revaluation**

All non-current tangible assets 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 owned by the Hospital is only performed when the 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.

### **18.4 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. For revalued assets, fair value is assessed each year.

There were no indications of impairment for property, plant and equipment, intangibles, or investment properties as at 30 June 2021.

### **18.5 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 are reviewed on an annual basis. The Hospital has intangibles with indefinite useful lives, 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.

### **18.6 Land and building**

An independent valuation of owned land and buildings owned by the Hospital, was performed in March 2018 by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd, as at 1 June 2018.

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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; their size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

#### **18.7 Plant and equipment**

The Hospital's plant and equipment assets with a fair value greater than \$1 million or had an estimated useful life of greater than three years were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd. The value of all other plant and equipment has not been revalued, this is in accordance with APS 116D, the carrying value of these items 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.

#### **18.8 Investment property**

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

The valuation of the investment property located at Dalglish Street, Thebarton was performed by a Certified Practising Valuer as at March 2020. The Valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

Where there are recent market transactions for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

#### Amounts recognised in profit or loss

The Hospital recognised rental income from investment property during the period of \$0.448 million (\$0.442 million).

#### **18.9 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 for impairment. Additions to right of use assets during 2020-21 were \$2.925 million (\$5.637 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 10.

The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 26 years. Major lease activities include the use of:

- Properties – SA Pathology collection centres, primary health, dental clinics and non-DIT provided office accommodation are 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.
- Health Facilities – lease include the Royal Adelaide Hospital.  
The Royal Adelaide Hospital (RAH) lease commenced in June 2011, achieved commercial acceptance in June 2017, and is for 35 years. The SA Health Partnership Consortium trading as Celsus entered into an arrangement to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. The arrangement is referred to as a Public Private Partnership (PPP). At the conclusion of the contract in 2046, the Hospital will take full ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.
- 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 specific time period (usually 3 years) or a specific 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 SA Health.

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 23. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 19 and 23. Cash outflows related to right-of-use assets are disclosed at note 27.

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**19. Reconciliation of property, plant and equipment and investment property**

The following table shows the movement:

Consolidated

2020-21

	Land and buildings:			Plant and equipment:							
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommo- dation 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	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	113,935	274,504	2,530,370	10,763	15,622	119,925	4,507	234,133	5,517	5,550	3,314,826
Additions	-	-	1,758	15,429	-	15,844	-	1,164	6,098	-	40,293
Assets received free of charge	-	-	-	690	-	57	-	-	-	-	747
Disposals	-	-	-	-	-	(370)	(53)	(41)	-	-	(464)
Transfers between asset classes	-	542	-	(7,945)	6,579	4,256	2,000	-	(5,853)	-	(421)
Other movements	-	-	974	-	-	-	-	-	-	-	974
<b>Subtotal:</b>	<b>113,935</b>	<b>275,046</b>	<b>2,533,102</b>	<b>18,937</b>	<b>22,201</b>	<b>139,712</b>	<b>6,454</b>	<b>235,256</b>	<b>5,762</b>	<b>5,550</b>	<b>3,355,955</b>
<b>Gains/(losses) for the period recognised in net result:</b>											
Depreciation and amortisation	-	(22,611)	(53,824)	-	(1,407)	(37,222)	(2,718)	(9,923)	-	-	(127,705)
<b>Subtotal:</b>	<b>-</b>	<b>(22,611)</b>	<b>(53,824)</b>	<b>-</b>	<b>(1,407)</b>	<b>(37,222)</b>	<b>(2,718)</b>	<b>(9,923)</b>	<b>-</b>	<b>-</b>	<b>(127,705)</b>
<b>Carrying amount at the end of the period*</b>	<b>113,935</b>	<b>252,435</b>	<b>2,479,278</b>	<b>18,937</b>	<b>20,794</b>	<b>102,490</b>	<b>3,736</b>	<b>225,333</b>	<b>5,762</b>	<b>5,550</b>	<b>3,228,250</b>
<b>Gross carrying amount</b>											
Gross carrying amount	113,935	320,724	2,670,295	18,937	33,568	299,549	29,479	260,597	5,762	5,550	3,758,396
Accumulated depreciation / amortisation	-	(68,289)	(191,017)	-	(12,774)	(197,059)	(25,743)	(35,264)	-	-	(530,146)
<b>Carrying amount at the end of the period</b>	<b>113,935</b>	<b>252,435</b>	<b>2,479,278</b>	<b>18,937</b>	<b>20,794</b>	<b>102,490</b>	<b>3,736</b>	<b>225,333</b>	<b>5,762</b>	<b>5,550</b>	<b>3,228,250</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties valued at \$5.550 million (\$5.550 million) (classified as level 2) and capital works in progress (not classified). Refer to note 23 for details about the lease liability for right of use assets.

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Consolidated  
2019-20

	Land and buildings:			Plant and equipment:							Investment property \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Right-of-use buildings \$'000	Capital works in progress land and buildings \$'000	Accommodation and Leasehold improvements \$'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	113,935	275,280	2,580,010	21,264	16,970	136,991	9,047	243,147	6,117	4,670	3,407,431	
Additions	-	-	4,896	11,217	-	7,189	16	741	14,680	-	38,739	
Assets received free of charge	-	-	-	-	-	137	-	-	-	-	137	
Disposals	-	-	(119)	-	-	(282)	(33)	(11)	(11)	-	(456)	
Donated assets disposal	-	-	-	-	-	(1,182)	-	-	-	-	(1,182)	
Transfers between asset classes	-	21,719	-	(21,718)	-	14,853	390	-	(15,269)	-	(25)	
Other movements	-	-	(537)	-	-	-	-	-	-	-	(537)	
<b>Subtotal:</b>	<b>113,935</b>	<b>296,999</b>	<b>2,584,250</b>	<b>10,763</b>	<b>16,970</b>	<b>157,747</b>	<b>9,420</b>	<b>243,877</b>	<b>5,517</b>	<b>4,670</b>	<b>3,444,148</b>	
<b>Gains/(losses) for the period recognised in net result:</b>												
Depreciation and amortisation	-	(22,495)	(53,880)	-	(1,348)	(37,822)	(4,913)	(9,744)	-	-	(130,202)	
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	880	880	
<b>Subtotal:</b>	<b>-</b>	<b>(22,495)</b>	<b>(53,880)</b>	<b>-</b>	<b>(1,348)</b>	<b>(37,822)</b>	<b>(4,913)</b>	<b>(9,744)</b>	<b>-</b>	<b>880</b>	<b>(129,322)</b>	
<b>Carrying amount at the end of the period*</b>	<b>113,935</b>	<b>274,504</b>	<b>2,530,370</b>	<b>10,763</b>	<b>15,622</b>	<b>119,925</b>	<b>4,507</b>	<b>234,133</b>	<b>5,517</b>	<b>5,550</b>	<b>3,314,826</b>	
<b>Gross carrying amount</b>												
Gross carrying amount	113,935	320,182	2,668,269	10,763	26,989	290,265	25,413	260,033	5,517	5,550	3,726,916	
Accumulated depreciation / amortisation	-	(45,678)	(137,899)	-	(11,367)	(170,340)	(20,906)	(25,900)	-	-	(412,090)	
<b>Carrying amount at the end of the period</b>	<b>113,935</b>	<b>274,504</b>	<b>2,530,370</b>	<b>10,763</b>	<b>15,622</b>	<b>119,925</b>	<b>4,507</b>	<b>234,133</b>	<b>5,517</b>	<b>5,550</b>	<b>3,314,826</b>	

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties valued at \$5.550 million (\$5.550 million) (classified as level 2) and capital works in progress (not classified). Refer to note 23 for details about the lease liability for right of use assets.

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Parent 2020-21	Land and buildings:			Plant and equipment:							Investment property \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommo- dation 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	113,935	274,503	2,530,152	10,763	15,622	119,925	3,995	234,133	5,157	-	3,308,185	
Additions	-	-	1,257	15,429	-	15,844	-	1,164	5,837	-	39,531	
Assets received free of charge	-	-	-	690	-	57	-	-	-	-	747	
Disposals	-	-	-	-	-	(370)	(53)	(41)	-	-	(464)	
Transfers between asset classes	-	542	-	(7,945)	6,579	4,256	1,380	-	(5,233)	-	(421)	
Other movements	-	-	974	-	-	-	-	-	-	-	974	
<b>Subtotal:</b>	<b>113,935</b>	<b>275,045</b>	<b>2,532,383</b>	<b>18,937</b>	<b>22,201</b>	<b>139,712</b>	<b>5,322</b>	<b>235,256</b>	<b>5,761</b>	<b>-</b>	<b>3,348,552</b>	
<b>Gains/(losses) for the period recognised in net result:</b>												
Depreciation and amortisation	-	(22,611)	(53,595)	-	(1,407)	(37,222)	(2,157)	(9,923)	-	-	(126,915)	
<b>Subtotal:</b>	<b>-</b>	<b>(22,611)</b>	<b>(53,595)</b>	<b>-</b>	<b>(1,407)</b>	<b>(37,222)</b>	<b>(2,157)</b>	<b>(9,923)</b>	<b>-</b>	<b>-</b>	<b>(126,915)</b>	
<b>Carrying amount at the end of the period*</b>	<b>113,935</b>	<b>252,434</b>	<b>2,478,788</b>	<b>18,937</b>	<b>20,794</b>	<b>102,490</b>	<b>3,165</b>	<b>225,333</b>	<b>5,761</b>	<b>-</b>	<b>3,221,637</b>	
<b>Gross carrying amount</b>												
Gross carrying amount	113,935	320,723	2,669,428	18,937	33,568	299,549	27,248	260,597	5,761	-	3,749,746	
Accumulated depreciation / amortisation	-	(68,289)	(190,640)	-	(12,774)	(197,059)	(24,083)	(35,264)	-	-	(528,109)	
<b>Carrying amount at the end of the period</b>	<b>113,935</b>	<b>252,434</b>	<b>2,478,788</b>	<b>18,937</b>	<b>20,794</b>	<b>102,490</b>	<b>3,165</b>	<b>225,333</b>	<b>5,761</b>	<b>-</b>	<b>3,221,637</b>	

\*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 23 for details about the lease liability for right of use assets.

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Parent 2019-20	Land and buildings:			Plant and equipment:							Investment property \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommo- dation 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	113,935	275,280	2,579,070	21,264	16,970	136,991	8,293	243,147	6,005	-	3,400,955	
Additions	-	-	4,896	11,217	-	7,189	16	741	14,222	-	38,281	
Assets received free of charge	-	-	-	-	-	137	-	-	-	-	137	
Disposals	-	-	(119)	-	-	(282)	(33)	(11)	(11)	-	(456)	
Donated assets disposal	-	-	-	-	-	(1,182)	-	-	-	-	(1,182)	
Transfers between asset classes	-	21,718	-	(21,718)	-	14,853	181	-	(15,059)	-	(25)	
Other movements	-	-	37	-	-	-	-	-	-	-	37	
<b>Subtotal:</b>	<b>113,935</b>	<b>296,998</b>	<b>2,583,884</b>	<b>10,763</b>	<b>16,970</b>	<b>157,747</b>	<b>8,457</b>	<b>243,877</b>	<b>5,157</b>	<b>-</b>	<b>3,437,788</b>	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(22,495)	(53,732)	-	(1,348)	(37,822)	(4,462)	(9,744)	-	-	(129,603)	
<b>Subtotal:</b>	<b>-</b>	<b>(22,495)</b>	<b>(53,732)</b>	<b>-</b>	<b>(1,348)</b>	<b>(37,822)</b>	<b>(4,462)</b>	<b>(9,744)</b>	<b>-</b>	<b>-</b>	<b>(129,603)</b>	
<b>Carrying amount at the end of the period*</b>	<b>113,935</b>	<b>274,503</b>	<b>2,530,152</b>	<b>10,763</b>	<b>15,622</b>	<b>119,925</b>	<b>3,995</b>	<b>234,133</b>	<b>5,157</b>	<b>-</b>	<b>3,308,185</b>	
Gross carrying amount												
Gross carrying amount	113,935	320,181	2,667,903	10,763	26,989	290,265	23,802	260,033	5,157	-	3,719,028	
Accumulated depreciation / amortisation	-	(45,678)	(137,751)	-	(11,367)	(170,340)	(19,807)	(25,900)	-	-	(410,843)	
<b>Carrying amount at the end of the period</b>	<b>113,935</b>	<b>274,503</b>	<b>2,530,152</b>	<b>10,763</b>	<b>15,622</b>	<b>119,925</b>	<b>3,995</b>	<b>234,133</b>	<b>5,157</b>	<b>-</b>	<b>3,308,185</b>	

\*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 23 for details about the lease liability for right of use assets.

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**20. Reconciliation of intangible assets**

The following table shows the movement:

Consolidated

	2020-21			2019-20		
	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	36,112	1,690	37,802	45,472	759	46,231
Additions	-	590	590	15	931	946
Assets received free of charge	13	-	13	-	-	-
Amortisation	(9,585)	-	(9,585)	(9,400)	-	(9,400)
Transfers between asset classes	532	(111)	421	25	-	25
<b>Carrying amount at the end of the period</b>	<b>27,072</b>	<b>2,169</b>	<b>29,241</b>	<b>36,112</b>	<b>1,690</b>	<b>37,802</b>
<b>Gross carrying amount</b>						
Gross carrying amount	74,875	2,169	77,044	74,326	1,690	76,016
Accumulated amortisation	(47,803)	-	(47,803)	(38,214)	-	(38,214)
<b>Carrying amount at the end of the period</b>	<b>27,072</b>	<b>2,169</b>	<b>29,241</b>	<b>36,112</b>	<b>1,690</b>	<b>37,802</b>
<b>Parent</b>						
<b>Carrying amount at the beginning of the period</b>	36,112	1,690	37,802	45,472	759	46,231
Additions	-	590	590	15	931	946
Assets received free of charge	13	-	13	-	-	-
Amortisation	(9,585)	-	(9,585)	(9,400)	-	(9,400)
Transfers between asset classes	532	(111)	421	25	-	25
<b>Carrying amount at the end of the period</b>	<b>27,072</b>	<b>2,169</b>	<b>29,241</b>	<b>36,112</b>	<b>1,690</b>	<b>37,802</b>
<b>Gross carrying amount</b>						
Gross carrying amount	74,875	2,169	77,044	74,326	1,690	76,016
Accumulated amortisation	(47,803)	-	(47,803)	(38,214)	-	(38,214)
<b>Carrying amount at the end of the period</b>	<b>27,072</b>	<b>2,169</b>	<b>29,241</b>	<b>36,112</b>	<b>1,690</b>	<b>37,802</b>

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**21. 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 owned by the Hospital 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 19 and 21.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**21.1 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 into hierarchy based on the level of inputs used in measurement as follows:

**Fair value measurements at 30 June 2021**

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>						
Land	-	113,935	113,935	-	113,935	113,935
Buildings and improvements	-	252,435	252,435	-	252,434	252,434
Leasehold improvements	-	20,794	20,794	-	20,794	20,794
Plant and equipment	-	106,226	106,226	-	105,655	105,655
Investment property	5,550	-	5,550	-	-	-
<b>Total recurring fair value measurements</b>	<b>5,550</b>	<b>493,390</b>	<b>498,940</b>	<b>-</b>	<b>492,818</b>	<b>492,818</b>

**Fair value measurements at 30 June 2020**

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>						
Land	-	113,935	113,935	-	113,935	113,935
Buildings and improvements	-	274,504	274,504	-	274,503	274,503
Leasehold improvements	-	15,622	15,622	-	15,622	15,622
Plant and equipment	-	124,432	124,432	-	123,920	123,920
Investment property	5,550	-	5,550	-	-	-
<b>Total recurring fair value measurements</b>	<b>5,550</b>	<b>528,493</b>	<b>534,043</b>	<b>-</b>	<b>527,980</b>	<b>527,980</b>

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 2021 and 2020, the Hospital had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels in 2020-21.

**21.2 Valuation techniques and inputs**

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

Due to the predominantly specialised nature of health service assets, the majority of building and plant and equipment valuations 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.

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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.

Although there was some land valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all land has been classified as Level 3. Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

## 22. Payables

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Creditors and accrued expenses	66,479	75,600	65,601	74,888
Paid Parental Leave Scheme	351	379	351	379
Staff on-costs*	21,563	20,313	21,518	20,261
Other payables	4,436	3,719	4,436	3,719
<b>Total current payables</b>	<b>92,829</b>	<b>100,011</b>	<b>91,906</b>	<b>99,247</b>
<b>Non-current</b>				
Staff on-costs*	11,762	11,770	11,762	11,770
<b>Total non-current payables</b>	<b>11,762</b>	<b>11,770</b>	<b>11,762</b>	<b>11,770</b>
<b>Total payables</b>	<b>104,591</b>	<b>111,781</b>	<b>103,668</b>	<b>111,017</b>

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 staff 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 at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost and staff benefits expense of \$0.829 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 33 for information on risk management.

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**23. Financial liabilities**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Lease liabilities	69,904	68,702	69,459	68,541
<b>Total current financial liabilities</b>	<b>69,904</b>	<b>68,702</b>	<b>69,459</b>	<b>68,541</b>
<b>Non-current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	2,579,586	2,636,100	2,579,529	2,636,043
<b>Total non-current financial liabilities</b>	<b>2,579,586</b>	<b>2,636,100</b>	<b>2,579,529</b>	<b>2,636,043</b>
<b>Total financial liabilities</b>	<b>2,649,490</b>	<b>2,704,802</b>	<b>2,648,988</b>	<b>2,704,584</b>

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. Borrowing costs of \$116.658 million (\$149.128 million) relate to interest on lease liabilities. Included in these borrowing costs is a reduction in contingent rental amounts of \$135.240 million (\$110.092 million). There were no defaults or breaches on any of the above liabilities throughout the year. For 2019-20 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

Refer to note 33 for information on risk management.

Refer notes 18 and 19 for details about the right-of-use assets (including depreciation).

*23.1 Concessional lease arrangements for right-of-use assets*

The Hospital has concessional lease arrangements for right-of-use assets, as lessee, within the SA Health economic entity, with SA government entities, with other government entities (e.g. local councils, universities and the Commonwealth government), and with not-for-profit entities.

Right of use asset	Nature of arrangements	Details
Buildings and improvements	Terms are up to 36 years Payments range from \$1 to \$1,312 pa	Concessional building arrangements include the use of premises for dental services, pathology collection, Breastscreen services, community health services and vacant land.

*23.2 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
<b>Lease Liabilities</b>				
1 to 3 years	916,790	923,341	916,395	922,187
3 to 5 years	594,009	597,453	594,009	597,453
5 to 10 years	1,423,958	1,437,715	1,423,958	1,437,715
More than 10 years	3,609,848	3,895,864	3,609,848	3,895,864
<b>Total lease liabilities (undiscounted)</b>	<b>6,544,605</b>	<b>6,854,373</b>	<b>6,544,210</b>	<b>6,853,219</b>

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**24. Staff benefits**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Accrued salaries and wages	53,401	57,762	52,921	57,463
Annual leave	142,987	138,118	142,722	137,818
Long service leave	26,374	28,020	26,091	27,680
Fringe benefits tax	17	-	-	-
Skills and experience retention leave	10,441	10,024	10,441	10,024
Other	53	73	53	52
<b>Total current staff benefits</b>	<b>233,273</b>	<b>233,997</b>	<b>232,228</b>	<b>233,037</b>
<b>Non-current</b>				
Long service leave	296,850	305,824	296,811	305,812
<b>Total non-current staff benefits</b>	<b>296,850</b>	<b>305,824</b>	<b>296,811</b>	<b>305,812</b>
<b>Total staff benefits</b>	<b>530,123</b>	<b>539,821</b>	<b>529,039</b>	<b>538,849</b>

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.

**24.1 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, experience and 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 Staff is estimated to be less than the annual entitlement for sick leave.

**24.2 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 staff 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 the Department of Treasury and Finance 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 staff benefits expense of \$22.580 million, represented by a decrease in long service leave liability of \$21.744 million and payables (staff on-costs) of \$0.836 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.

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**25. Provisions**

Provisions represent workers compensation

*Reconciliation of workers compensation (statutory and non-statutory)*

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	20,538	18,708	20,538	18,708
Increase in provisions recognised	16,391	3,265	16,391	3,265
Reductions arising from payments/other sacrifices of future economic benefits	(1,582)	(1,435)	(1,582)	(1,435)
<b>Carrying amount at the end of the period</b>	<b>35,347</b>	<b>20,538</b>	<b>35,347</b>	<b>20,538</b>

The amount of the provision considered to be current is \$9.667 million (\$8.235 million). The amount of the provision considered to be non-current is \$25.680 million (\$12.303 million).

***Workers compensation***

The Hospital, as exempt employer, is responsible for the payment of workers compensation claims, and the implementation and funding of preventive programs.

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. 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 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 additional compensation provision 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 at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in the estimate.

There is a significant degree of uncertainty associated with this estimate. In addition, to the general uncertainties associated 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 compensations claims may differ materially from the estimate. Assumptions used will continue to be refined to reflect emerging experience.

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**26. Contract liabilities and other liabilities**

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Unclaimed monies	52	-	52	-
Unearned revenue	58	141	-	-
Contract liabilities	552	476	552	476
Other	1,578	3,724	1,578	3,724
<b>Total current contract liabilities and other liabilities</b>	<b>2,240</b>	<b>4,341</b>	<b>2,182</b>	<b>4,200</b>
<b>Non-current</b>				
Other	-	743	-	743
<b>Total non-current other liabilities</b>	<b>-</b>	<b>743</b>	<b>-</b>	<b>743</b>
<b>Total other contract liabilities and other liabilities</b>	<b>2,240</b>	<b>5,084</b>	<b>2,182</b>	<b>4,943</b>

A contract liability is recognised for revenue relating to SA Dental Service co-payments and grant funded projects /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

**27. 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	197,293	170,694	193,375	166,439
<b>Cash as per Statement of Financial Position</b>	<b>197,293</b>	<b>170,694</b>	<b>193,375</b>	<b>166,439</b>
<b>Balance as per Statement of Cash Flows</b>	<b>197,293</b>	<b>170,694</b>	<b>193,375</b>	<b>166,439</b>
<b>Reconciliation of net cash provided by operating activities to net result:</b>				
Net cash provided by (used in) operating activities	116,157	140,847	115,356	140,148
<b>Add/less non-cash items</b>				
Asset donated free of charge	-	(1,182)	-	(1,182)
Capital revenues	12,238	7,613	12,238	7,613
Capitalised interest expense on finance lease	(10,692)	(12,040)	(10,692)	(12,040)
Depreciation and amortisation expense of non-current assets	(137,290)	(139,602)	(136,500)	(139,003)
Gain/(loss) on sale or disposal of non-current assets	(240)	(145)	(240)	(158)
Increments/(decrements) on revaluation of non-current assets	-	880	-	-
Net effect of the adoption of new Accounting Standard	-	(1,846)	-	(1,846)
Resources received free of charge	760	137	760	137
Revaluation of investments	203	3,256	(530)	3,467
Transfer of Lot14 Carpark Lease to Renewal SA	-	7,123	-	7,123
<b>Movement in assets/liabilities</b>				
Increase/(decrease) in contract assets	(5,775)	(3,237)	(5,775)	(3,237)
Increase/(decrease) in inventories	(2,289)	4,056	(2,060)	3,636
Increase/(decrease) in receivables	10,105	(17,394)	9,212	(15,817)
(Increase)/decrease in other liabilities	2,844	(691)	2,761	(570)
(Increase)/decrease in payables and provisions	(7,682)	35,128	(7,523)	34,554
(Increase)/decrease in staff benefits	9,698	(28,809)	9,810	(28,917)
<b>Net result</b>	<b>(11,963)</b>	<b>(5,906)</b>	<b>(13,183)</b>	<b>(6,092)</b>

Total cash outflows for leases is \$176.903 million (\$205.836 million) for the consolidated entity, and \$176.670 million (\$205.671 million) for the parent entity

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## 28. Unrecognised contractual commitments

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

### 28.1 Capital and Expenditure commitments

#### 28.1.1 Capital commitments

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Within one year	236	1,437	10	1,220
<b>Total capital commitments</b>	<b>236</b>	<b>1,437</b>	<b>10</b>	<b>1,220</b>

The Hospital's capital commitments are for plant and equipment ordered but not received and capital works. Capital commitments for major infrastructure works are recognised in the Department for Infrastructure and Transport financial statements.

#### 28.1.2 Expenditure commitments

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Within one year	131,539	132,553	131,539	132,553
Later than one year but not longer than five years	364,876	342,332	364,876	342,332
Later than five years	2,268,950	2,359,943	2,268,950	2,359,943
<b>Total other expenditure commitments</b>	<b>2,765,365</b>	<b>2,834,828</b>	<b>2,765,365</b>	<b>2,834,828</b>
Less contingent rentals	(1,149,239)	(1,164,994)	(1,149,239)	(1,164,994)
<b>Total finance lease commitments</b>	<b>1,616,126</b>	<b>1,669,834</b>	<b>1,616,126</b>	<b>1,669,834</b>

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received; and administrative arrangements with DIT for accommodation.

Included in other expenditure commitments above is \$2,685.075 million (\$2,783.444 million), including contingent rentals, which relates directly to the PPP operations and maintenance commitments.

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2021 have not been quantified.

#### 28.2 Expected rental income from lessor arrangements

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Within one year	82	488	-	-
Later than one year but not longer than five years	-	81	-	-
<b>Total operating lease revenue commitments</b>	<b>82</b>	<b>569</b>	<b>-</b>	<b>-</b>

The operating lease revenue commitments relates to property owned by the Hospital and leased to external parties. The table above sets out a maturity analysis of operating lease payments receivable, showing undiscounted lease payments to be received after the reporting date. These amounts are not recognised as assets.

## 29. Trust funds

The Hospital holds money in trust on behalf of consumers that reside in CALHN facilities whilst the consumer is receiving residential mental health services. As the Hospital only performs a 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	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of period	31	46	31	46
Client trust receipts	33	69	33	69
Client trust payments	46	84	46	84
<b>Carrying amount at the end of the period</b>	<b>18</b>	<b>31</b>	<b>18</b>	<b>31</b>

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### **30. 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.

#### **30.1 Contingent Assets**

The new RAH project is being delivered under a public-private partnership agreement with Celsus. The new RAH PPP agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses. The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus's credit risk, (i.e. forward curve of credit risk margin).

The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus's credit margin:

- Celsus's credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement.
- The type of finance Celsus sources e.g. short term debt from the banking market vs longer term debt potentially sourced via a private placement.
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling.
- Whether the State Government will make a Capital Contribution during the first or any refinancing points.
- The lodgment and resolution of any claims under the PPP Agreement.

#### **30.2 Contingent Liabilities**

On 1 August 2017, Hansen Yuncken Pty Ltd and CBP Contractors Pty Ltd (formerly known as Leighton Contractors Pty Ltd) filed legal proceedings in the Federal Court of Australia against Celsus Pty Ltd (formerly known as SA Health Partnership Nominees Pty Ltd), independent certifier Donald Cant Watts Corke Pty Ltd and the Crown in right of the State of South Australia for alleged breaches of contract in relation to the construction of the new Royal Adelaide Hospital. In December 2017 the respondents to the builder's Federal Court proceedings successfully obtained a stay of the proceedings pending the outcome of an arbitration process. At the time of this Report, the arbitration process was still in progress. It is not possible to estimate the dollar effect of this claim or whether it will be successful.

#### **30.3 Guarantees**

The Hospital has made no guarantees.

### **31. 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.

### **32. 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 Standards AASB 2014-10/AASB 2015-10/AASB 2017-5/2020-3 and AASB 2021-2 will apply from 1 July 2022 and 1 July 2023 respectively. 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 e.g. LSL and whether or not the Hospital has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

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**33. Financial instruments/financial risk management**

**33.1 Financial risk management**

Risk management is managed by the Hospital's Risk and Assurance Services section. Risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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 by the South Australian Government via the Department. The Department 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 notes 1.4, 22 and 23 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, 14 and 15 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 its interest bearing liabilities, including borrowings. The Hospital's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

**33.2 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.

A financial asset is measured at amortised cost if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2021 Carrying amount/ Fair value \$'000	2020 Carrying amount/ Fair value \$'000	2021 Carrying amount/ Fair value \$'000	2020 Carrying amount/ Fair value \$'000
<b>Financial assets</b>					
Cash and equivalent					
Cash and cash equivalents	13, 27	197,293	170,694	193,375	166,439
Loans and receivables					
Receivables <sup>(ix)</sup>	14	95,334	86,868	93,960	86,427
Available for sale financial assets					
Other financial assets	15	7,376	13,075	1,150	8,239
<b>Total financial assets</b>		<b>300,003</b>	<b>270,637</b>	<b>288,485</b>	<b>261,105</b>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost					
Payables <sup>(v)</sup>	22	70,533	78,921	69,655	78,209
Lease liabilities	23, 28	2,649,490	2,704,802	2,648,988	2,704,584
Other financial liabilities	26	2,182	4,444	2,182	4,943
<b>Total financial liabilities</b>		<b>2,722,205</b>	<b>2,788,167</b>	<b>2,720,825</b>	<b>2,787,736</b>

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- <sup>(1)</sup> Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and fees and charges. This is in addition to employee related receivables and payables such as payroll tax, fringe benefits tax etc. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the disclosure requirements of AASB 7 will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.
- <sup>(2)</sup> Receivable amount disclosed excludes prepayments as they are not financial assets.

**33.3 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. Loss allowances for contract assets are measured at an amount equal to an expected credit loss method using a 12 month method. No impairment losses were recognised in relation to contract assets during the year.

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 risk characteristics and the days past due. When calculating estimated expected credit loss, the Hospital 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 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 also 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:

	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
<b>Days past due</b>						
Current	0.3 – 2.2%	20,230	186	0.4 – 2.7%	13,735	181
<30 days	1.2 – 2.6%	7,270	164	1.4 – 3.2%	6,262	174
31-60 days	2.9 – 4.2%	2,999	119	3.1 – 5.1%	2,309	101
61-90 days	4.3 – 6.5%	2,062	166	4.5 – 7.5%	2,349	121
91-120 days	6.0 – 9.7%	1,340	126	6.4 – 10.0%	1,548	131
121-180 days	8.4 – 16.3%	1,931	206	8.7 – 15.7%	1,763	181
181-360 days	11.8 – 31.8%	3,629	1,511	11.4 – 31.4%	3,713	863
361-540 days	32.7 – 58.0%	1,767	935	32.2 – 54.7%	2,491	1,339
>540 days	38.7 – 66.1%	2,867	1,740	38.1 – 62.7%	3,431	2,067
<b>Total</b>		<b>44,095</b>	<b>5,153</b>		<b>37,601</b>	<b>5,158</b>

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**34. 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, inter-health staff recharging, insurance and computing (note 10). The Department transferred capital works in progress of \$12.238 million (\$7.613 million) to the Hospital. The Hospital incurred expenditure with the Department for Infrastructure and Transport (DIT) of \$2.898 million (\$3.439 million) which largely reflects occupancy rent and rates (note 10). As at 30 June the value of unrecognised contractual expenditure commitments with DIT for accommodation was \$16.962 million (\$19.452 million).

In addition, the Hospital has lease arrangements as lessee with other SA Government controlled entities. The premises are received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

**35. Interests in other entities**

**Controlled Entities**

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in AusHealth. AusHealth is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia. AusHealth also manages patient payment solutions for Australian hospitals and commercialises hospital research into leading edge medical technologies and treatments.

**Joint arrangements**

The Hospital participates in the following joint operations:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Centre for Cancer Biology Alliance	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Undertake health and medical research in South Australia as an integrated clinical, educational and research activity, with a focus on cancer research.	Adelaide SA	50%

**Structured entities**

The Hospital participates in the unconsolidated structured entity, CTM@CRC Ltd - the CRC for Cell Therapy Manufacturing (CTM). CTM is a cooperative research centre designed to implement research to provide new treatments and develop new materials-based manufacturing technologies to increase the accessibility, affordability and efficacy of cell therapies for previously incurable, or difficult to treat diseases.

CTM is funded by cash and in-kind resources from a number of partners in the health and research sectors throughout Australia in addition to a \$20.000 million grant from the Australian Government. CTM's headquarters are at the University of South Australia's Mawson Lakes campus.

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**36. 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 APS 124.B were:

Board/Committee name:	Government employee members	Other members
AusHealth Corporate Pty Ltd	2	Baccanti M (resigned 07/05/2021), Bechta-Metti K (appointed 14/05/2021), Flynn P (resigned 17/06/2021), Hinton A (resigned 07/05/2021), Johansen G and Livesey S Dr (Appointed 13/05/2021)
Allied Health Directorate Clinical Governance Committee	15	Hopprich R (appointed 11/08/2020 and resigned 13/10/2020) and Verrall A (appointed 08/12/2020)
BreastScreen SA State Quality Committee	6	Eaton M Dr, Kerrins E and Roder D Prof
Best Practice Spotlight Organisation Steering Committee	22	Chester M, Williams N
Care and Management of Aboriginal Remains Task Force (commenced 21/01/2021)	9	Wanganeen F (appointed 21/01/2021)
Central Adelaide Local Health Network Clinical Ethics Committee	17	Brown A Prof (Chair, resigned 21/07/2020), Carter D Dr (appointed 10/11/2020) Digance A, Lambert A and Merlin T Prof
Central Health Local Health Network Complex Behaviour Committee	24	Chester M
Central Adelaide Local Health Network Consumer Carer Advisory Group	5	Bickley B, Burns T, Eckermann C (resigned 15/07/2020), Horgan J, Law D, Lucas G, Meegan J, Reid L (resigned 15/07/2020), Smith J and Verrall A (Chair, resigned 05/03/2021)
Central Adelaide Local Health Network Executive Quality Governance Committee	39	Fyfe D
Central Adelaide Local Health Network Geriatric Safety and Quality Committee	37	Curry M (appointed 21/07/2020)
Central Adelaide Local Health Network Governing Board	-	Beilby J Prof, Cockram A Dr, Dwyer J Prof, Morey K, Reid M, Spencer R (Chair) and Yuile J

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Board/Committee name:	Government employee members	Other members
Central Adelaide Local Health Network Human Research Ethics Committee	12	Air T, Bonython J, Crabb A, Crockett J, Cullen J, Dale L, Digance A, Fisher A, Gentili S (appointed 26/11/2020 and resigned 12/02/2021), Greenberg Z, Hackett J, Iankov I (resigned 16/07/2020), Lee J Dr (resigned 30/07/2020), L Lu, Need A A/Prof, Newsham P, Parry C, Partridge G, Phillips C, Raschella F, Ruediger C and Slater H
Central and Northern Renal and Transplantation Service Safety and Quality Committee	10	Baxter A (appointed 11/09/2020) and Meyers D (appointed 11/09/2020)
Central and Northern Renal and Transplantation Service Transplant Management Committee	30	Eckert P (appointed 25/09/2020)
Neuroscience & Rehabilitation Clinical Practice and Quality Committee	11	Gregory L (appointed 05/11/2020 and resigned 18/02/2021)
General Medicine Safety and Quality Committee	30	Cardinali R (appointed 10/11/2020)
Heart and Lung Safety and Quality Committee	16	McWhinnie S
Learning from Dying Committee	21	Anderson R (appointed 22/07/2020)
Priority Care Committee: Communicating for Safety	38	Curry M (appointed 23/06/2021) and Raschella F (appointed 06/08/2020)
Priority Care Committee: Comprehensive Care	57	Anderson R (appointed 22/06/2021), Bickley B, Curry M (appointed 22/06/2021), Klemm G (appointed 18/06/2021), Marshall J (resigned 11/02/2021) and Messing L (appointed 24/06/2021)
Priority Care Committee: Managing Deterioration	25	Price J and Raschella F
Priority Care Committee: Standard 2 Consumer Partnering	36	Leske C (appointed 24/07/2020 and resigned 03/12/2020)
Priority Care Committee: Medication Safety (ceased 18/01/2021)	20	Raschella F
SA Brain Injury Rehabilitation Service Consumer Advisory Group	3	Dunn K, Miller L, Francese L, Morgan T (Chair) and Regan-Coe F (resigned 11/02/2021)
SA Dental Services Consumer Advisory Panel	4	Ali H, Brown M, Costa D Dr, Ireland K, Kerekes E, Matiasz S Dr, McMahon J, Millier P, Sutherland R, Whiteway L and Zerna J
SA Pathology Clinical Safety and Quality Committee	12	Christenson C (resigned 01/11/2020)
Statewide Clinical Support Services Committee	6	Beilby J Prof, Cockram A Dr, Haslam R, Smith M and Spencer R (Chair)

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<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Statewide Clinical Support Services Risk Management & Audit Committee	1	Christley S Dr and Davies T (Chair)
Statewide Clinical Support Services Safety and Quality Committee	7	Leske C
Stroke Community of Practice Strategic Executive Committee (commenced 07/07/2020)	33	Chamberlain S (appointed 07/07/2020) and McGrath A (appointed 07/07/2020)
Youth Cancer Advisory Group	2	Armstrong N, Binns T, Edwards S, Fowler N, Hammerling S, Ieremia T, Merton T, Mitra D, Smith O, Spangenberg C, Tyson H (appointed 21/02/2021) and Zappia D (appointed 28/02/2021)

Refer to note 9.2 for remuneration of board and committee member

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**37. Administered items**

The Hospital administers the following:

- Private practice arrangements, representing funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to Rights of Private Practice Deeds of Agreement; and
- Other, which largely represents Research funds

The Hospital cannot use these administered funds for the achievement of its objectives.

	Private Practice		Other		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from fees and charges	54,731	61,369	122	350	54,853	61,719
Interest revenue	-	-	2	3	2	3
Staff benefit expenses	-	-	(103)	(116)	(103)	(116)
Supplies and services	(351)	(50)	-	(3)	(351)	(53)
Other expenses	(52,681)	(64,421)	-	(137)	(52,681)	(64,558)
<b>Net result</b>	<b>1,699</b>	<b>(3,102)</b>	<b>21</b>	<b>97</b>	<b>1,720</b>	<b>(3,005)</b>
Cash and cash equivalents	6,954	5,326	39	113	6,993	5,439
Receivables	4,261	3,098	46	65	4,307	3,163
Payables	(5,850)	(4,802)	(16)	(41)	(5,866)	(4,843)
Staff benefits	-	-	(25)	(54)	(25)	(54)
Other provisions/liabilities	(1)	43	-	(59)	(1)	(16)
<b>Net assets</b>	<b>5,364</b>	<b>3,665</b>	<b>44</b>	<b>24</b>	<b>5,408</b>	<b>3,689</b>
Cash at 1 July	5,326	7,729	113	54	5,439	7,783
Cash inflows	53,569	62,536	142	289	53,711	62,825
Cash outflows	(51,941)	(64,939)	(215)	(230)	(52,156)	(65,169)
<b>Cash at 30 June</b>	<b>6,954</b>	<b>5,326</b>	<b>40</b>	<b>113</b>	<b>6,994</b>	<b>5,439</b>