

Women's and Children's Health Network Incorporated

Financial report
for the year ended
30 June 2021



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To the Board Chair Women's and Children's Health Network Incorporated

Opinion

I have audited the financial report of Women's and Children's Health Network Incorporated 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 Women's and Children's Health Network Incorporated as at 30 June 2021, its financial performance and its 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 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 Deputy Board Chair, the Acting Chief Executive Officer and the Chief Finance and Commercial Officer.

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 Women's and Children's Health Network Incorporated. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of Women's and Children's 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 Women's and Children's 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 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

20 September 2021

Certification of the financial statements

We certify that the:

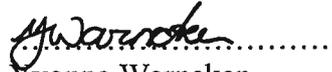
- financial statements of the Women's and Children's Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position 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 Women's and Children's Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Susy Daw
Deputy Board Chair



Philip Robinson
A/ Chief Executive Officer



Yvonne Warncken
Chief Finance and
Commercial Officer

Date 14/9/21

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Revenues from SA Government	2	502,726	481,819
Fees and charges	3	27,106	26,364
Grants and contributions	4	9,313	9,048
Interest	11	7	105
Resources received free of charge	5	3,700	2,717
Gain on revaluation of investment property	15	-	608
Other revenues/income	6	14,213	13,487
Total income		557,065	534,148
Expenses			
Staff benefits expenses	7	369,986	363,756
Supplies and services	8	142,794	132,033
Depreciation and amortisation	15,16	20,016	20,425
Grants and subsidies		7	7
Borrowing costs	19	91	128
Net loss from disposal of non-current and other assets	9	82	-
Impairment loss on receivables	12.1	207	254
Other expenses	10	375	669
Total expenses		533,558	517,272
Net result		23,507	16,876
Other Comprehensive Income			
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity		312	(231)
Total other comprehensive income		312	(231)
Total comprehensive result		23,819	16,645

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	11	31,682	28,695
Receivables	12	8,931	7,723
Inventories	14	930	761
Total current assets		41,543	37,179
Non-current assets			
Receivables	12	1,429	1,291
Other financial assets	13	1,418	1,106
Property, plant and equipment	15,16	384,455	364,642
Investment property	15,16	17,950	17,950
Intangible assets	15.5	11	18
Total non-current assets		405,263	385,007
Total assets		446,806	422,186
Current liabilities			
Payables	18	12,346	10,602
Financial liabilities	19	1,561	2,354
Staff benefits	20	53,462	52,145
Provisions	21	2,198	1,990
Contract liabilities and other liabilities	22	1,773	1,506
Total current liabilities		71,340	68,597
Non-current liabilities			
Payables	18	2,817	2,841
Financial liabilities	19	3,389	4,292
Staff benefits	20	71,085	73,909
Provisions	21	7,549	5,740
Total non-current liabilities		84,840	86,782
Total liabilities		156,180	155,379
Net assets		290,626	266,807
Equity			
Retained earnings		86,982	63,475
Asset revaluation surplus		202,933	202,933
Other reserves		711	399
Total equity		290,626	266,807

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

**WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021**

	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019	202,933	630	47,065	250,628
Net result for 2019-20	-	-	16,876	16,876
Gain/(loss) on revaluation of other financial assets	-	(231)	-	(231)
Total comprehensive result for 2019-20	-	(231)	16,876	16,645
Transactions with SA Government as owner				
Net assets received from an administrative restructure	-	-	(466)	(466)
Balance at 30 June 2020	202,933	399	63,475	266,807
Net result for 2020-21	-	-	23,507	23,507
Gain/(loss) on revaluation of other financial assets	-	312	-	312
Total comprehensive result for 2020-21	-	312	23,507	23,819
Balance at 30 June 2021	202,933	711	86,982	290,626

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		417,780	460,037
Fees and charges		26,056	25,247
Grants and contributions		9,591	10,269
Interest received		7	105
GST recovered from ATO		5,737	5,365
Other receipts		2,163	13,975
Cash generated from operations		461,334	514,998
Cash outflows			
Staff benefits payments		(368,589)	(358,693)
Payments for supplies and services		(76,774)	(139,359)
Payments of grants and subsidies		(8)	(11)
Interest paid		(91)	(128)
Other payments		(588)	(679)
Cash used in operations		(446,050)	(498,870)
Net cash provided by/(used in) operating activities		15,284	16,128
Cash outflows			
Purchase of property, plant and equipment		(9,860)	(8,208)
Cash used in investing activities		(9,860)	(8,208)
Net cash provided by/(used in) investing activities		(9,860)	(8,208)
Cash outflows			
Repayment of lease liabilities		(2,437)	(2,679)
Cash used in financing activities		(2,437)	(2,679)
Net cash provided by/(used in) financing activities		(2,437)	(2,679)
Net increase/(decrease) in cash and cash equivalents		2,987	5,241
Cash and cash equivalents at the beginning of the period		28,695	23,454
Cash and cash equivalents at the end of the period	11	31,682	28,695
Non-cash transactions	23		

The accompanying notes form part of these financial statements.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. About Women's and Children's Health Network

The Women's and Children's Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital established under section 29 of the *Health Care Act 2008*. The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity and has no interests in unconsolidated structured entities.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in Administered Items (note 30). 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 women, youth and children across South Australia.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital, mental and community health services for children, youth and women across the State.

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.

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 in the notes.

1.3 Taxation

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

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

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

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

1.4 Continuity of Operations

As at 30 June 2021, the Hospital had working capital deficiency of \$29.797 million (\$31.418 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.

Other reserves includes investment revaluation reserve to record unrealised gains or losses on available for sale investments.

1.6 Administrative restructures

Administrative Restructure – Transferred in

2020-21

There were no transfers during this period.

2019-20

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

- Local Health Network based Biomedical Engineering
- Debt management

This resulted in the transfer in of net liabilities of \$0.466 million, consisting of staff benefits liabilities of \$0.470 million and Payables - staff on-costs of \$0.027 million, and \$0.31 million in property, plant and equipment. This included the transfer of 10 staff.

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

1.7 Impact of COVID-19 pandemic

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital was \$10.377 million (\$3.441 million), this includes a \$1.078 million (\$0.277 million) loss of revenue predominantly associated with SA Health's initiative to support frontline staff with car parking fees.

1.8 Change in accounting policy

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

2. Revenues from SA Government

	2021	2020
	\$'000	\$'000
Operational funding	465,414	451,735
Capital projects funding	37,312	30,084
Total revenues from Department for Health and Wellbeing	502,726	481,819

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

3. Fees and charges

	2021 \$'000	2020 \$'000
Car parking revenue	1,634	2,402
Commissions revenue	55	120
Patient and client fees	13,424	12,275
Private practice fees	2,049	2,001
Fees for health services	1,997	2,126
Royalty income	-	139
Sale of goods - medical supplies	452	298
Training revenue	380	358
Other user charges and fees	7,115	6,645
Total fees and charges	27,106	26,364

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.

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
Car parking revenue	1,634	-	2,235	167
Commissions revenue	55	-	120	-
Patient and client fees	12,535	-	11,496	-
Private practice fees	2,049	-	2,001	-
Fees for health services	1,344	-	1,427	-
Sale of goods - medical supplies	452	-	298	-
Training revenue	319	-	235	-
Other user charges and fees	6,712	-	6,492	-
Total contracts with external customers	25,100	-	24,304	167
Patient and client fees	889	-	779	-
Fees for health services	653	-	699	-
Royalty income	-	-	139	-
Training revenue	61	-	123	-
Other user charges and fees	403	-	153	-
Total contracts with SA Government customers	2,006	-	1,893	-
Total contracts with customers	27,106	-	26,197	167

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 22). 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 12).

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. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, anaesthetists, 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.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

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 Consolidated Entity as an agent in the rendering and recovery of accounts of the specialists private practice. SA Health disburses amounts collected on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognised as its collected as per the Rights of Private Practice Agreement.

Car Parking Revenue

The Hospital provides access to car parks directly to employees, patients and visitors. Public car parking is available for the Hospital at the Medical Centre Car Park located in Kermode Street, North Adelaide (adjacent to the pedestrian crossing) and is payable by the hour based on the time consumed. Tickets are purchased via the paystation. A discounted weekly ticket is also available. Revenue is recognised when control of the goods has transferred to the customer, being when the ticket is purchased.

4. Grants and contributions

	2021 \$'000	2020 \$'000
Other SA Government grants and contributions	6,028	5,334
Private sector capital contributions	355	117
Private sector grants and contributions	2,930	3,597
Total grants and contributions	9,313	9,048

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

Of the \$9.313 million (\$9.048 million) received during the reporting period or grants and contributions, \$0.806 million (\$0.777 million) was provided for specific purposes, such as research and associated activities.

5. Resources received free of charge

	2021 \$'000	2020 \$'000
Plant and equipment	147	-
Services	3,553	2,717
Total resources received free of charge	3,700	2,717

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$2.797 million (\$2.717 million) and ICT services from DPC valued at \$0.756 million (\$Nil), following Cabinet's approval to cease intra-government charging.

In addition, although not recognised the Hospital received volunteer services, the volunteers provide patient and staff support services to individuals using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, gift shop support and café support.

6. Other revenues/income

	2021 \$'000	2020 \$'000
Dividend revenue	75	58
Donations	803	1,235
Health recoveries	12,319	11,150
Insurance recoveries	23	174
Other	993	870
Total other revenues/income	14,213	13,487

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

7. Staff benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	300,908	292,297
Targeted voluntary separation packages (refer below)	-	2,709
Long service leave	3,232	6,423
Annual leave	28,921	28,530
Skills and experience retention leave	1,658	1,668
Staff on-costs - superannuation*	30,969	30,778
Staff on-costs - other	2	2
Workers compensation	3,555	375
Board and committee fees	321	327
Other staff related expenses	420	647
Total staff benefits expenses	369,986	363,756

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

7.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the eight (eight) members of the governing board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the seven (eight) 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	2021	2020
	\$'000	\$'000
Salaries and other short term employee benefits	2,672	2,469
Post-employment benefits	431	411
Other long-term employment benefits	61	-
Total	3,164	2,880

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.

7.2 Remuneration of Board and Committees

	2021	2020
	No. of	No. of
	Members	Members
\$0	4	2
\$1 - \$20,000	2	8
\$20,001 - \$40,000	7	7
\$60,001 - \$80,000	1	1
Total	14	18

The total remuneration received or receivable by members was \$0.351 million (\$0.356 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 any 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 favorable 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 31 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.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

7.3 Remuneration of Staff

	2021	2020
The number of staff whose remuneration received or receivable falls within the following bands:	No.	No.
\$154,678 - \$175,000	97	87
\$175,001 - \$195,000	38	23
\$195,001 - \$215,000	20	22
\$215,001 - \$235,000	16	14
\$235,001 - \$255,000	14	12
\$255,001 - \$275,000	15	12
\$275,001 - \$295,000	8	14
\$295,001 - \$315,000	12	7
\$315,001 - \$335,000	11	11
\$335,001 - \$355,000	5	9
\$355,001 - \$375,000	8	4
\$375,001 - \$395,000	13	11
\$395,001 - \$415,000	12	13
\$415,001 - \$435,000	10	10
\$435,001 - \$455,000	3	5
\$455,001 - \$475,000	7	6
\$475,001 - \$495,000	2	2
\$495,001 - \$515,000	6	4
\$515,001 - \$535,000	1	10
\$535,001 - \$555,000	5	2
\$555,001 - \$575,000	10	9
\$575,001 - \$595,000	5	2
\$595,001 - \$615,000	3	-
\$615,001 - \$635,000	-	1
\$635,001 - \$655,000	1	-
\$655,001 - \$675,000	1	2
\$675,001 - \$695,000	1	-
\$715,001 - \$735,000	-	1
Total number of staff	324	293

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.

7.4 Remuneration of staff by classification

The total remuneration received by these staff included above:

	2021		2020	
	No.	\$'000	No.	\$'000
Executive	9	1,996	8	1,866
Medical (excluding Nursing)	274	81,565	256	76,615
Non-medical (i.e. administration)	10	1,695	8	1,444
Nursing	31	5,080	21	3,420
Total	324	90,336	293	83,345

7.5 Targeted voluntary separation packages

	2021	2020
Amount paid to separated staff:	\$'000	\$'000
Leave paid/payable to separated employees	-	1,392
Targeted voluntary separation packages	-	2,709
	-	4,101

The number of staff who received a TVSP during the reporting period	-	41
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8. Supplies and services

	2021	2020
	\$'000	\$'000
Administration	551	411
Advertising	134	105
Communication	2,200	1,897
Computing	4,976	5,183
Consultants	1,160	1,472
Contractors	698	434
Contractors - agency staff	7,495	7,307
Drug supplies	10,414	10,899
Electricity, gas and fuel	3,310	3,865
Fee for service	3,988	3,385
Food supplies	2,174	2,131
Housekeeping	12,048	11,190
Insurance	5,850	5,731
Internal SA Health SLA payments	7,127	6,953
Interstate patient transfers	19	2
Legal	188	237
Medical, surgical and laboratory supplies	40,657	37,060
Minor equipment	2,323	1,736
Motor vehicle expenses	828	996
Occupancy rent and rates	3,362	3,222
Patient transport	2,472	2,079
Postage	958	890
Printing and stationery	1,670	1,747
Rental expense on operating lease	2	3
Repairs and maintenance	12,497	8,465
Security	4,378	2,591
Services from Shared Services SA	2,833	2,775
Short term lease expense	-	(26)
Training and development	3,966	3,387
Travel expenses	500	2,006
Other supplies and services	4,016	3,900
Total supplies and services	142,794	132,033

Accommodation – part of the Hospital's accommodation is provided by DIT under MoAA issued in accordance with Government-wide accommodation policies. These arrangements did 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.

Consultants

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

	2021		2020	
	No.	\$'000	No.	\$'000
Below \$10,000	2	4	-	-
Above \$10,000	2	1,156	4	1,472
Total	4	1,160	4	1,472

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

	2021	2020
	\$'000	\$'000
Land and buildings:		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	-	-
Net gain/(loss) from disposal of land and buildings	-	-
Plant and equipment:		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(82)	-
Total net gain/(loss) from disposal of plant and equipment	(82)	-
Total assets:		
Total proceeds from disposal	-	-
Less total carrying amount of assets disposed	(82)	-
Total net gain/(loss) from disposal of non-current and other assets	(82)	-

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.

10. Other expenses

	2021	2020
	\$'000	\$'000
Debts written off	185	54
Bank fees and charges	50	48
Other*	140	567
Total other expenses	375	669

* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.166 million (\$0.170 million). No other services were provided by the Auditor-General's Department.

11. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank or on hand	956	890
Deposits with Treasurer: general operating	14,249	11,550
Deposits with Treasurer: special purpose funds	16,477	16,255
Total cash and cash equivalents	31,682	28,695

Cash is measured at nominal amounts. The Government has a policy to align agency cash balances with the appropriation and expenditure authority

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 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.

The Hospital only earns interest on the special deposit account and in 2020-21, received \$0.007 million (\$0.105 million).

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12. Receivables

		2021	2020
	Note	\$'000	\$'000
Current			
Patient/client fees: compensable		502	595
Patient/client fees: other		5,229	4,424
Debtors		3,213	2,157
Less: allowance for impairment loss on receivables	12.1	(1,405)	(1,198)
Prepayments		149	411
Dividends		13	19
Workers compensation provision recoverable		676	663
Sundry receivables and accrued revenue		549	586
GST input tax recoverable		5	66
Total current receivables		8,931	7,723
Non-current			
Workers compensation provision recoverable		1,248	1,152
Debtors		181	139
Total non-current receivables		1,429	1,291
Total receivables		10,360	9,014

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 of 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.

12.1 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:

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	1,198	944
Increase/(Decrease) in allowance recognised in profit or loss	207	254
Carrying amount at the end of the period	1,405	1,198

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 28 for details regarding credit risk and the methodology for determining impairment.

13. Other financial assets

	2021	2020
	\$'000	\$'000
Non-current		
Other investments FVOCI	1,418	1,106
Total non-current investments	1,418	1,106
Total investments	1,418	1,106

The Hospital measures other investments as fair value represented by market value. This includes shares in other corporations, floating rate notes, listed securities and managed funds. There is no impairment on other financial assets. Refer to note 28 for information on risk management.

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14. Inventories

Inventories of \$0.930 million (\$0.761 million) 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.

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

15.1 Acquisition and recognition

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

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

15.2 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 the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Depreciation and amortisation 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	40-80
Right-of-use buildings	Lease term
Accommodation and Leasehold improvements	Lease term
Plant and equipment	
• Medical, surgical, dental and biomedical equipment and furniture	2-25
• Computing equipment	3-5
• Vehicles	2-25
• Other plant and equipment	3-50
Right-of-use plant and equipment	Lease term
Intangibles	5-30

15.3 Revaluation

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

Revaluation of non-current assets or a group of assets is only performed when the assets 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 valuation 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.

15.4 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 property or as at 30 June 2021.

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15.5 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 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.

Intangible assets consist of carrying amount at the beginning of the period \$0.018 million (\$0.030 million), less amortisation of \$0.007 million (\$0.012 million), resulting in a carrying amount at end of period of \$0.011 million (\$0.018 million).

15.6 Land and buildings

An independent valuation of owned land and buildings, including site improvements, was performed in March 2018 by a Certified Practising Valuer from AssetVal (JLT) Pty Ltd, as at 1 June 2018.

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 acquisitions/transfer costs.

15.7 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 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 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.

15.8 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.

An independent valuation was performed on the investment property at Unit 1, 27 Kermode Street North Adelaide, by AssetVal (JLT) Pty Ltd, as at 30 June 2020. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties. There is no change in the fair value as a result of fair value measurement as at 30 June 2021.

Where there is a recent market transaction 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. The investment property has been categorised as Level 2.

15.9 Leased property, plant and equipment

Right-of-use assets are recorded at cost, and there were no indications for impairment. Additions to right-of-use assets during 2020-21 were \$0.750 million (\$0.798 million).

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The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 20 years.

Major lease activities include the use of:

- Properties – buildings and health clinics 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.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.
- Plant and equipment – these leases for material handling equipment are cancellable and renewable every 2 years.

The Hospital has committed to lease arrangements that commence from 1 July 2021, which are included in the lease liability maturity analysis. The Hospital has not entered into any sub-lease arrangements and has no concessional lease arrangements.

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 19. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 16 and 19. Cash outflows related to right-of-use assets are disclosed at note 23.

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16. Reconciliation of property, plant and equipment and investment properties

The following table shows the movement :

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	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	45,802	271,172	5,005	31,869	246	5,887	1,484	1,498	1,679	17,950	382,592		
Additions	-	-	-	34,453	-	3,373	50	750	1,140	-	39,766		
Assets received free of charge	-	-	-	-	-	-	-	-	147	-	147		
Disposals	-	-	-	-	-	(54)	(28)	(5)	-	-	(87)		
Transfers between asset classes	-	2,578	-	(2,748)	-	932	179	-	(941)	-	-		
Other movements	-	-	(4)	-	-	-	-	-	-	-	(4)		
Subtotal:	45,802	273,750	5,001	63,574	246	10,138	1,685	2,243	2,025	17,950	422,414		
Gains/(losses) for the period recognised in net result:													
Depreciation and amortisation	-	(14,739)	(1,481)	-	(20)	(2,570)	(192)	(1,007)	-	-	(20,009)		
Subtotal:	-	(14,739)	(1,481)	-	(20)	(2,570)	(192)	(1,007)	-	-	(20,009)		
Carrying amount at the end of the period	45,802	259,011	3,520	63,574	226	7,568	1,493	1,236	2,025	17,950	402,405		
Gross carrying amount													
Accumulated depreciation / amortisation	-	(44,797)	(3,249)	-	(2,287)	(17,478)	(2,708)	(1,288)	-	-	(71,807)		
Gross carrying amount	45,802	303,808	6,769	63,574	2,513	25,046	4,201	2,524	2,025	17,950	474,212		
Carrying amount at the end of the period	45,802	259,011	3,520	63,574	226	7,568	1,493	1,236	2,025	17,950	402,405		

All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment property (classified as level 2) and capital works in progress (not classified). Refer to note 19 for details about the lease liability for right-of-use assets.

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2019-20	Land and buildings:				Plant and equipment:						
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	45,802	280,852	6,665	8,569	266	6,230	1,698	1,759	2,172	17,342	371,355
Additions	-	15	108	28,518	-	1,530	14	798	68	-	31,051
Disposals	-	-	-	-	-	-	-	(4)	-	-	(4)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	31	-	-	-	-	31
Transfers between asset classes	-	5,597	-	(5,218)	-	146	-	-	(525)	-	-
Other movements	-	-	-	-	-	-	-	-	(36)	-	(36)
Subtotal:	45,802	286,464	6,773	31,869	266	7,937	1,712	2,553	1,679	17,342	402,397
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(15,292)	(1,768)	-	(20)	(2,050)	(228)	(1,055)	-	-	(20,413)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	608	608
Subtotal:	-	(15,292)	(1,768)	-	(20)	(2,050)	(228)	(1,055)	-	608	(19,805)
Carrying amount at the end of the period	45,802	271,172	5,005	31,869	246	5,887	1,484	1,498	1,679	17,950	382,592
Gross carrying amount											
Accumulated depreciation / amortisation	-	(30,058)	(1,768)	-	(2,356)	(16,318)	(2,694)	(962)	-	-	(54,156)
Gross carrying amount	45,802	301,230	6,773	31,869	2,602	22,205	4,178	2,460	1,679	17,950	436,748
Carrying amount at the end of the period	45,802	271,172	5,005	31,869	246	5,887	1,484	1,498	1,679	17,950	382,592

All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment property (classified as level 2) and capital works in progress (not classified). Refer to note 19 for details about the lease liability for right-of-use assets.

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17. Fair value measurement

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

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

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

Refer to notes 15 and 17.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

17.1 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

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 16)			
Land	-	45,802	45,802
Buildings and improvements	-	259,011	259,011
Leasehold improvements	-	226	226
Plant and equipment	-	9,061	9,061
Investment property	17,950	-	17,950
Total recurring fair value measurements	17,950	314,100	332,050

Fair value measurements at 30 June 2020

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 16)			
Land	-	45,802	45,802
Buildings and improvements	-	271,172	271,172
Leasehold improvements	-	246	246
Plant and equipment	-	7,371	7,371
Investment property	17,950	-	17,950
Total recurring fair value measurements	17,950	324,591	342,541

There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 15 and 17.2.

During 2021 and 2020, the hospital had no valuations categorised into Level 1 and there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels.

17.2 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 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.

Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

The Hospital buildings have been valued on the basis of existing/current use with no consideration given to any future alternate use.

18. Payables

	2021	2020
	\$'000	\$'000
Current		
Creditors and accrued expenses	6,700	5,317
Paid Parental Leave Scheme	71	58
Staff on-costs*	4,963	4,628
Other payables	612	599
Total current payables	12,346	10,602
Non-current		
Staff on-costs*	2,817	2,841
Total non-current payables	2,817	2,841
Total payables	15,163	13,443

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 liability and staff benefits expenses of \$0.193 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 28 for information on risk management.

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19. Financial liabilities

	2021	2020
Current	\$'000	\$'000
Lease liabilities	1,561	2,354
Total current financial liabilities	1,561	2,354
Non-current		
Lease liabilities	3,389	4,292
Total non-current financial liabilities	3,389	4,292
Total financial liabilities	4,950	6,646

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. There were no defaults or breaches on any of the above liabilities throughout the year. The borrowing cost associated with leasing activities is \$0.091 million (\$0.128 million).

Refer to note 28 for information on risk management.

Refer note 16 for details about the right of use assets (including depreciation) and note 19 for borrowing costs associated with these leasing activities.

19.1 Concessional lease arrangements

The Hospital has no concessional lease arrangements.

19.2 Maturity analysis

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

	2021	2020
Lease Liabilities	\$'000	\$'000
1 to 3 years	3,710	4,753
3 to 5 years	768	1,147
5 to 10 years	687	952
More than 10 years	-	85
Total lease liabilities (undiscounted)	5,165	6,937

20. Staff benefits

	2021	2020
Current	\$'000	\$'000
Accrued salaries and wages	12,442	12,521
Annual leave	31,734	30,067
Long service leave	6,249	6,689
Skills and experience retention leave	3,013	2,857
Other	24	11
Total current staff benefits	53,462	52,145
Non-current		
Long service leave	71,085	73,909
Total non-current staff benefits	71,085	73,909
Total staff benefits	124,547	126,054

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.

20.1 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.

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

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

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20.2 Long service leave

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

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

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

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$4.948 million, payables (staff on-costs) of \$0.190 million and staff benefits expense of \$5.138 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.

21. Provisions

21.1 Workers Compensation

Reconciliation of workers compensation (statutory and non-statutory)

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	7,730	9,011
Additions resulting from re-measurement or settlement without cost	431	-
Decrease in provisions recognised	-	(1,395)
Increase/(Decrease) in provisions recognised	1,808	-
Reductions arising from payments/other sacrifices of future economic benefits	(222)	266
Reductions resulting from re-measurement or settlement without cost	-	(152)
Carrying amount at the end of the period	9,747	7,730

Total workers compensation contains current provision of \$2.198 million (\$1.990 million) and non-current provision of \$7.549 million (\$5.740 million).

Workers compensation

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

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

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

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

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

The Hospital has recognised an additional compensation provision from 30 June 2018. 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 as at 30 June 2021. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in this estimate.

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

22. Contract liabilities and other liabilities

	2021	2020
	\$'000	\$'000
Current		
Unearned revenue	1,748	1,362
Other	25	144
Total current contract liabilities and other liabilities	1,773	1,506
Total contract liabilities and other liabilities	1,773	1,506

A contract liability is recognised for revenue relating to access assistance and health assistance projects /programs 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.

23. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period

	2021	2020
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	31,682	28,695
Cash as per Statement of Financial Position	31,682	28,695
Balance as per Statement of Cash Flows	31,682	28,695

Reconciliation of net cash provided by operating activities to net result:

Net cash provided by (used in) operating activities	15,284	16,128
Add/less non-cash items		
Capital revenues	29,312	21,841
Depreciation and amortisation expense of non-current assets	(20,016)	(20,425)
Gain/(loss) on sale or disposal of non-current assets	(82)	-
Increments/(decrements) on revaluation of non-current assets	-	608
Resources received free of charge	147	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	1,346	579
Increase/(decrease) in inventories	169	(52)
(Increase)/decrease in staff benefits	1,507	(5,039)
(Increase)/decrease in payables and provisions	(3,893)	3,646
(Increase)/decrease in other liabilities	(267)	(410)
Net result	23,507	16,876

Total cash outflows for leases is \$2.437 million (\$2.807) million.

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24. Unrecognised contractual commitments

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

24.1 Capital and Expenditure Commitments

24.1.1 Capital commitments

	2021	2020
	\$'000	\$'000
Within one year	455	1,329
Total capital commitments	455	1,329

The Hospital's capital commitments are for plant and equipment ordered but not received.

24.2.1 Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	18,142	16,091
Later than one year but not longer than five years	610	516
Total other expenditure commitments	18,752	16,607

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

25. Contingent assets and liabilities

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

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

26. 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.

27. Impact of Standards not yet implemented

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

- Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Hospital, these amending standard 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.

28. Financial instruments/financial risk management

28.1 Financial risk management

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

Liquidity Risk

The Hospital is funded principally by the SA 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 Note 18 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 11, 12 and 13 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.

28.2 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	2021 Carrying amount/ Fair value S'000	2020 Carrying amount/ Fair value S'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	11, 23	31,682	28,695
Amortised Cost			
Receivables ⁽¹⁾⁽²⁾	12	8,069	6,550
Fair value through other comprehensive income			
Other financial assets	13	1,418	1,106
Total financial assets		41,169	36,351
Financial liabilities			
Financial liabilities at amortised cost			
Payables ⁽¹⁾	18	7,146	5,747
Other liabilities	22	25	146
Total financial liabilities		7,171	5,893

⁽¹⁾ Receivable and payable amounts disclosed here 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 staff 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.

⁽²⁾ Receivables amount disclosed here excludes prepayments as they are not financial assets.

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28.3 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 the expected credit loss method using a 12 month method. No impairment losses were recognised in relation to contract assets during the year.

A allowance matrix is used 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. When estimated expected credit loss, the Hospital considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes 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
Days past due						
Current	0.7%-3.0%	2,159	24	0.5%-3.6%	1,748	26
<30 days	1.4%-3.8%	1,108	18	1.4%-4.7%	1,071	20
31-60 days	2.0%-6.9%	700	23	2.4%-8.5%	606	16
61-90 days	4.2%-10.1%	313	15	5.0%-10.7%	519	28
91-120 days	6.6%-11.9%	438	30	7.8%-12.6%	117	9
121-180 days	11.5%-16.9%	215	25	11.0%-17.7%	190	24
181-360 days	26.9%-37.6%	740	214	17.7%-37.6%	423	123
361-540 days	47.5%-60.2%	289	169	38.2%-60.2%	193	112
>540 days	53.2%-75.9%	1,204	887	43.6%-75.9%	1,236	840
Total		7,166	1,405		6,103	1,198

29. 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 expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 8). The Department transferred capital works in progress of \$29.311 million (\$21.841 million) to the Hospital. The Hospital incurred significant expenditure with the DIT for capital works of \$1.358 million (\$3.735 million) and \$0.986 million (\$0.843 million) which largely reflects occupancy rent and rates (note 3). The value of unrecognised contractual expenditure commitments for accommodation with DIT was \$0.517 million (\$0.895 million) (note 24.2).

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30. Administered items

The Hospital administrators:

- *Strata Corp* represents the financial operations of the Car Park located at Unit 1, 27 Kermode Street North Adelaide which services the Hospital and surrounds. Strata Corp administers and manages the Car Park on behalf of the Unit holders (the Hospital, Women's and Children's Hospital Foundation, and the Residential Unit holders).
- *Private Practice* represents funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.
- *Other* administered funds include the Nurses Education Fund

	Strata Corp		Private Practice		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from fees and charges	348	209	4,922	5,198	5,270	5,407
Employee benefit expenses	(57)	(56)	-	-	(57)	(56)
Supplies and services	(183)	(51)	-	-	(183)	(51)
Depreciation and amortisation expense	(3)	(3)	-	-	(3)	(3)
Other expenses	-	(158)	(4,997)	(5,199)	(4,997)	(5,357)
Net result	105	(59)	(75)	(1)	30	(60)
Payables	(16)	(16)	-	-	(16)	(16)
Other provisions/liabilities	-	-	-	(1)	-	(1)
Receivables	1	18	1	(13)	2	5
Cash and cash equivalents	144	17	-	607	144	624
Property, plant and equipment	29	51	29	-	58	51
Net assets	158	70	30	593	188	663
Cash at 1 July					624	681
Cash inflows					5,033	5,407
Cash outflows					(4,997)	(5,464)
Cash at 30 June					660	624

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31. Board and committee members

Members of boards/committees that served for all or part of the financial year, where at least one member was entitled to receive income from membership in accordance with the APS 124 B were:

Board/Committee name:	Government employee members*	Other members
Audit and Risk Committee	-	Connor G (Chair), Daw S, Haslam R
Clinical Governance Group	-	Daw S (Chair), Cadzow M, Christley S, Glover K, Griffin L
Consumer and Community Engagement Committee	-	Birch J (Chair), Gray R, Griffin L, Hurrell E, Miller S, Sands S
Women's and Children's Governing Board	-	Bastian J, Birch J (Chair), Christley S, Daw S, Glover K, Haslam R, Miller S, Wilson B

Refer to note 7.2 for remuneration of board and committee members. Note board members only received income from board membership.