



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2016

Tabled in the House of Assembly and ordered to be published, 18 October 2016

Second Session, Fifty-Third Parliament

Appendix to the Annual Report
Volume 2

By authority: P. McMahon, Government Printer, South Australia

2016

General enquiries regarding this report should
be directed to:

Auditor-General
Auditor-General's Department
Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Website: www.audit.sa.gov.au

ISSN 0815-9157

Appendix to the Annual Report

Table of contents

Volume 1

Treasurer's Statements (Statements A – L)	1
Public sector agencies' audited financial reports:	
Adelaide Festival Centre Trust.....	42
Adelaide Festival Corporation	67
Adelaide Oval SMA Limited	89
Adelaide Venue Management Corporation.....	121
Art Gallery Board.....	160
Attorney-General's Department.....	191
Public Trustee.....	288
Auditor-General's Department.....	353
Department for Communities and Social Inclusion	370
Department for Correctional Services.....	462
Courts Administration Authority	511
Defence SA	572

Volume 2

Public sector agencies' audited financial reports:	
Department for Education and Child Development.....	1
Environment Protection Authority	91
Department of Environment, Water and Natural Resources.....	126
Flinders University of South Australia	204
Health sector activities:	
Department for Health and Ageing	266
Central Adelaide Local Health Network Incorporated.....	379
Country Health SA Local Health Network Incorporated.....	450
Northern Adelaide Local Health Network Incorporated	526
SA Ambulance Service Inc	577
Southern Adelaide Local Health Network Incorporated.....	620

Appendix to the Annual Report

Table of contents

Volume 3

Public sector agencies' audited financial reports:

Health sector activities: *(continued)*

Women's and Children's Health Network Incorporated.....	1
Health Services Charitable Gifts Board	47
HomeStart Finance.....	108
Independent Commissioner Against Corruption	169
Legal Services Commission.....	198

The Legislature:

House of Assembly	225
Joint Parliamentary Service.....	255
Legislative Council	285
Libraries Board of South Australia	315
Lifetime Support Authority of South Australia	346
Local Government Finance Authority of South Australia.....	379
Lotteries Commission of South Australia.....	404
Motor Accident Commission.....	436
Museum Board.....	476
Office of the National Rail Safety Regulator.....	505
Department of Planning, Transport and Infrastructure	527

Volume 4

Public sector agencies' audited financial reports:

Department of the Premier and Cabinet.....	1
Department of Primary Industries and Regions.....	71
Return to Work Corporation of South Australia.....	160
South Australia Police.....	207
South Australian Country Fire Service	275
South Australian Fire and Emergency Services Commission	315
South Australian Forestry Corporation.....	375
South Australian Government Financing Authority	413
South Australian Housing Trust.....	460
South Australian Metropolitan Fire Service	508
South Australian State Emergency Service	548
South Australian Tourism Commission.....	587

Appendix to the Annual Report

Table of contents

Volume 5

Public sector agencies' audited financial reports:

South Australian Water Corporation.....	1
Department of State Development	65
Superannuation Funds Management Corporation of South Australia (Funds SA).....	142
Superannuation sector activities:	
South Australian Superannuation Board	214
South Australian Superannuation Scheme.....	228
Southern State Superannuation Scheme	248
Super SA Retirement Investment Fund	265
Parliamentary Superannuation Scheme	283
Police Superannuation Scheme	298
TAFE SA.....	322
Department of Treasury and Finance	363
University of Adelaide	445
University of South Australia.....	520
Urban Renewal Authority	593

Department for Education and Child Development

Financial report
for the year ended
30 June 2016

Department for Education and Child Development
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Expenses					
Employee benefits expenses	5	2 311 802	2 226 791	2 277 590	2 196 283
Supplies and services	6	674 124	652 418	362 949	365 784
Grants and subsidies	7	248 145	204 701	472 290	345 510
Depreciation and amortisation expense	8	111 477	108 865	105 104	103 311
Borrowing costs	9	22 651	22 388	22 591	22 332
Other expenses	10	14 235	22 086	11 615	19 978
Total expenses		3 382 434	3 237 249	3 252 139	3 053 198
Income					
Commonwealth revenues	11	479 126	454 567	479 126	454 567
Student and other fees and charges	12	150 179	143 752	19 505	18 018
Other grants and contributions	13	28 748	22 249	13 824	14 444
Interest revenues	14	8 971	11 955	7 806	7 897
Net (loss)/gain from disposal of non-current assets	15	(6 277)	8 004	(6 412)	8 132
Other revenues	16	63 746	54 394	26 787	29 458
Total income		724 493	694 921	540 636	532 516
Net cost of providing services		2 657 941	2 542 328	2 711 503	2 520 682
Revenues from/(Payments) to SA Government					
Revenues from SA Government	17	2 682 345	2 610 414	2 682 345	2 610 414
Payments to SA Government	17	(60 899)	(17 172)	(60 899)	(17 172)
Net result		(36 495)	50 914	(90 057)	72 560
Other comprehensive income					
<i>Items that will not be reclassified to net result</i>					
Changes in revaluation surplus	23	41 689	35 172	41 689	35 172
Total comprehensive result		5 194	86 086	(48 368)	107 732

The net result and comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Statement of Financial Position
as at 30 June 2016

	Note	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Current assets					
Cash and cash equivalents	18	838 296	862 740	437 869	499 805
Receivables	19	56 184	44 534	45 219	36 993
Inventories	20	5 870	5 746	147	171
Other financial assets	21	2 016	2 050	-	-
		902 366	915 070	483 235	536 969
Non-current assets classified as held for sale	22	11 719	7 296	11 719	7 296
Total current assets		914 085	922 366	494 954	544 265
Non-current assets					
Receivables	19	885	865	5 335	5 998
Other financial assets	21	98	80	-	-
Property, plant and equipment	23	3 973 456	4 014 233	3 944 559	3 985 937
Intangible assets	24	22 118	22 594	22 118	22 594
Total non-current assets		3 996 557	4 037 772	3 972 012	4 014 529
Total assets		4 910 642	4 960 138	4 466 966	4 558 794
Current liabilities					
Payables	26	97 872	124 724	114 491	129 928
Borrowings	27	1 667	1 464	1 628	1 453
Employee benefits	28	207 755	273 192	206 063	271 539
Provisions	29	30 626	26 389	31 139	26 740
Other liabilities	30	31 130	28 443	15 331	12 750
Total current liabilities		369 050	454 212	368 652	442 410
Non-current liabilities					
Payables	26	64 722	59 431	64 722	59 431
Borrowings	27	169 683	171 316	169 608	171 235
Employee benefits	28	492 283	454 348	489 205	451 269
Provisions	29	67 691	79 493	67 691	79 493
Other liabilities	30	23 157	22 476	22 370	21 870
Total non-current liabilities		817 536	787 064	813 596	783 298
Total liabilities		1 186 586	1 241 276	1 182 248	1 225 708
Net assets		3 724 056	3 718 862	3 284 718	3 333 086
Equity					
Retained earnings	31	2 247 172	2 267 713	1 808 021	1 882 124
Revaluation surplus	31	1 476 884	1 451 149	1 476 697	1 450 962
Total equity		3 724 056	3 718 862	3 284 718	3 333 086

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 32

Contingent assets and liabilities 33

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Statement of Changes in Equity
for the year ended 30 June 2016

Consolidated				
	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		1 437 799	2 194 977	3 632 776
Net result for 2014-15		-	50 914	50 914
Changes on revaluation of property during 2014-15	23	35 172	-	35 172
Transfer revaluation surplus on disposal and derecognition of property, plant and equipment		(21 822)	21 822	-
Total comprehensive result for 2014-15		13 350	72 736	86 086
Balance at 30 June 2015	31	1 451 149	2 267 713	3 718 862
Net result for 2015-16			(36 495)	(36 495)
Changes on revaluation of property during 2015-16	23	41 689	-	41 689
Transfer revaluation surplus on disposal and derecognition of property, plant and equipment		(15 954)	15 954	-
Total comprehensive result for 2015-16		25 735	(20 541)	5 194
Balance at 30 June 2016	31	1 476 884	2 247 172	3 724 056

DECD				
	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		1 437 612	1 787 742	3 225 354
Net result for 2014-15		-	72 560	72 560
Changes on revaluation of property during 2014-15	23	35 172	-	35 172
Transfer revaluation surplus on disposal and derecognition of property, plant and equipment		(21 822)	21 822	-
Total comprehensive result for 2014-15		13 350	94 382	107 732
Balance at 30 June 2015	31	1 450 962	1 882 124	3 333 086
Net result for 2015-16		-	(90 057)	(90 057)
Changes on revaluation of property during 2015-16	23	41 689	-	41 689
Transfer revaluation surplus on disposal and derecognition of property, plant and equipment		(15 954)	15 954	-
Total comprehensive result for 2015-16		25 735	(74 103)	(48 368)
Balance at 30 June 2016	31	1 476 697	1 808 021	3 284 718

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department for Education and Child Development
Statement of Cash Flows
for the year ended 30 June 2016

		2016	2015	2016	2015
		Consolidated	Consolidated	DECD	DECD
		\$'000	\$'000	\$'000	\$'000
	Note	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Cash outflows					
Employee benefit payments		(2 353 682)	(2 193 498)	(2 319 484)	(2 163 387)
Payments for supplies and services		(767 462)	(696 986)	(426 655)	(400 335)
Payments of grants and subsidies		(266 860)	(222 955)	(475 844)	(351 986)
Interest paid		(20 833)	(20 959)	(20 773)	(20 903)
Other payments		(8 071)	(4 808)	(8 013)	(4 784)
Cash used in operations		(3 416 908)	(3 139 206)	(3 250 769)	(2 941 395)
Cash inflows					
Receipts from Commonwealth		479 139	454 567	479 139	454 567
Student and other fees and charges		156 038	138 543	23 107	16 530
Other grants and contributions received		27 359	22 257	14 178	14 452
Interest received		8 157	11 987	7 806	7 929
GST recovered from the ATO		80 884	78 672	53 170	51 661
Other receipts		59 208	49 484	22 249	24 548
Cash generated from operations		810 785	755 510	599 649	569 687
Cash flows from SA Government					
Receipts from SA Government		2 682 345	2 610 414	2 682 345	2 610 414
Payments to SA Government		(60 899)	(17 172)	(60 899)	(17 172)
Cash generated from SA Government		2 621 446	2 593 242	2 621 446	2 593 242
Net cash provided by operating activities	35	15 323	209 546	(29 674)	221 534
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(49 849)	(88 086)	(42 769)	(81 027)
Purchase of investments		(8)	(34)	-	-
Cash used in investing activities		(49 857)	(88 120)	(42 769)	(81 027)
Cash inflows					
Proceeds from the sale of property, plant and equipment		12 066	27 543	11 825	27 244
Proceeds from Maturing Term Deposits		24	-	-	-
Receipt of loan repayments		40	1	703	655
Cash generated from investing activities		12 130	27 544	12 528	27 899
Net cash used in investing activities		(37 727)	(60 576)	(30 241)	(53 128)
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(1 452)	(1 299)	(1 452)	(1 301)
Repayment of borrowings		(588)	(513)	(569)	(478)
Cash used in financing activities		(2 040)	(1 812)	(2 021)	(1 779)
Net cash used in financing activities		(2 040)	(1 812)	(2 021)	(1 779)
Net increase/(decrease) in cash and cash equivalents		(24 444)	147 158	(61 936)	166 627
Cash and cash equivalents at the beginning of the period		862 740	715 582	499 805	333 178
Cash and cash equivalents at the end of the period	18	838 296	862 740	437 869	499 805

The above statement should be read in conjunction with the accompanying notes

Department for Education and Child Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016
CONSOLIDATED

(Activities - refer note 4)	Early Childhood Development		School Education		Care and Protection		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits expenses	171 895	166 950	1 976 641	1 907 179	163 266	152 662	2 311 802	2 226 791
Supplies and services	31 853	28 039	598 617	586 672	43 654	37 707	674 124	652 418
Grants and subsidies	27 906	30 720	13 196	12 786	207 043	161 195	248 145	204 701
Depreciation and amortisation expense	3 876	3 865	105 713	102 903	1 888	2 097	111 477	108 865
Borrowing costs	1 807	1 787	20 844	20 601	-	-	22 651	22 388
Other expenses	1 388	2 255	12 720	19 883	127	(52)	14 235	22 086
Total expenses	238 725	233 616	2 727 731	2 650 024	415 978	353 609	3 382 434	3 237 249
Income								
Commonwealth revenues	53 013	57 524	425 298	396 555	815	488	479 126	454 567
Student and other fees and charges	4 918	2 671	144 940	140 884	321	197	150 179	143 752
Other grants and contributions	1 516	1 363	25 591	19 217	1 641	1 669	28 748	22 249
Interest revenues	570	641	8 392	11 306	9	8	8 971	11 955
Net (loss)/gain from disposal of non-current assets	(1 362)	225	(4 649)	7 779	(266)	-	(6 277)	8 004
Other revenues	2 471	694	55 564	47 603	5 711	6 097	63 746	54 394
Total income	61 126	63 118	655 136	623 344	8 231	8 459	724 493	694 921
Net cost of providing services	177 599	170 498	2 072 595	2 026 680	407 747	345 150	2 657 941	2 542 328
Revenues from/(Payments to) SA Government								
Revenues from SA Government	177 331	177 734	2122 936	2 089 356	382078	343 324	2 682 345	2 610 414
Payments to SA Government	(4 689)	(1 344)	(56 136)	(15 804)	(74)	(24)	(60 899)	(17 172)
Net result	(4 957)	5 892	(5 795)	46 872	(25 743)	(1 850)	(36 495)	50 914

Department for Education and Child Development
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016
DECD

(Activities - refer note 4)	Early Childhood Development		School Education		Care and Protection		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits expenses	171 895	166 950	1 942 429	1 876 671	163 266	152 662	2 277 590	2 196 283
Supplies and services	19 263	19 750	300 034	308 327	43 652	37 707	362 949	365 784
Grants and subsidies	40 496	39 066	224 749	145 246	207 045	161 198	472 290	345 510
Depreciation and amortisation expense	3 876	3 865	99 340	97 349	1 888	2 097	105 104	103 311
Borrowing costs	1 807	1 787	20 784	20 545	-	-	22 591	22 332
Other expenses	1 388	2 255	10 100	17 775	127	(52)	11 615	19 978
Total expenses	238 725	233 673	2 597 436	2 465 913	415 978	353 612	3 252 139	3 053 198
Income								
Commonwealth revenues	53 013	57 524	425 298	396 555	815	488	479 126	454 567
Student and other fees and charges	4 918	2 671	14 266	15 150	321	197	19 505	18 018
Other grants and contributions	1 516	1 363	10 667	11 412	1 641	1 669	13 824	14 444
Interest revenues	570	641	7 227	7 248	9	8	7 806	7 897
Net (loss)/gain from disposal of non-current assets	(1 362)	225	(4 784)	7 907	(266)	-	(6 412)	8 132
Other revenues	2 471	694	18 605	22 667	5 711	6097	26 787	29 458
Total income	61 126	63 118	471 279	460 939	8 231	8 459	540 636	532 516
Net cost of providing services	177 599	170 555	2 126 157	2 004 974	407 747	345 153	2 711 503	2 520 682
Revenues from/(Payments to) SA Government								
Revenues from SA Government	177 331	177 734	2 122 936	2 089 356	382 078	343 324	2 682 345	2 610 414
Payments to SA Government	(4 689)	(1 344)	(56 136)	(15 804)	(74)	(24)	(60 899)	(17 172)
Net result	(4 957)	5 835	(59 357)	68 578	(25 743)	(1 853)	(90 057)	72 560

Department for Education and Child Development
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2016
CONSOLIDATED

(Activities - refer note 4)	Early Childhood Development		School Education		Care and Protection		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	38 330	42 588	788 431	793 145	11 535	27 007	838 296	862 740
Receivables	4 066	1 924	46 901	35 656	6 102	7 819	57 069	45 399
Inventories	13	15	5 857	5 731	-	-	5 870	5 746
Other financial assets	-	-	2 114	2 130	-	-	2 114	2 130
Non-current assets classified as held for sale	347	-	11 372	7 296	-	-	11 719	7 296
Property, plant and equipment	171 426	165 930	3 764 566	3 807 997	37 464	40 306	3 973 456	4 014 233
Intangible assets	1 570	1 548	18 052	17 795	2 496	3 251	22 118	22 594
Total assets	215 752	212 005	4 637 293	4 669 750	57 597	78 383	4 910 642	4 960 138
Liabilities								
Payables	10 115	12 755	134 045	149 130	18 434	22 270	162 594	184 155
Borrowings	13 676	13 792	157 389	158 703	285	285	171 350	172 780
Employee benefits	53 297	53 811	601 837	634 239	44 904	39 490	700 038	727 540
Provisions	6 575	7 171	73 363	83 452	18 379	15 259	98 317	105 882
Other liabilities	1 874	1 808	52 401	48 942	12	169	54 287	50 919
Total liabilities	85 537	89 337	1 019 035	1 074 466	82 014	77 473	1 186 586	1 241 276

Department for Education and Child Development
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2016
DECD

(Activities - refer note 4)	Early Childhood Development		School Education		Care and Protection		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	38 330	42 588	388 004	430 210	11 535	27 007	437 869	499 805
Receivables	4 066	1 924	40 386	33 248	6 102	7 819	50 554	42 991
Inventories	13	15	134	156	-	-	147	171
Non-current assets classified as held for sale	347	-	11 372	7 296	-	-	11 719	7 296
Property, plant and equipment	171 426	165 930	3 735 669	3 779 701	37 464	40 306	3 944 559	3 985 937
Intangible assets	1 570	1 548	18 052	17 795	2 496	3 251	22 118	22 594
Total assets	215 752	212 005	4 193 617	4 268 406	57 597	78 383	4 466 966	4 558 794
Liabilities								
Payables	10 115	12 755	150 664	154 334	18 434	22 270	179 213	189 359
Borrowings	13 676	13 792	157 275	158 611	285	285	171 236	172 688
Employee benefits	53 297	53 811	597 067	629 507	44 904	39 490	695 268	722 808
Provisions	6 575	7 171	73 876	83 803	18 379	15 259	98 830	106 233
Other liabilities	1 874	1 808	35 815	32 643	12	169	37 701	34 620
Total liabilities	85 537	89 337	1 014 697	1 058 898	82 014	77 473	1 182 248	1 225 708

The above statement should be read in conjunction with the accompanying notes

Department for Education and Child Development Notes to and forming part of the financial statements

1 Objectives of the Department for Education and Child Development

Legislation

The Department for Education and Child Development (the Department) operates within the:

- *Children's Protection Act 1993;*
- *Children's Services Act 1985;*
- *Commission of Inquiry (Children in State Care and Children on APY Lands) Act 2004;*
- *Education Act 1972;*
- *Family and Community Services Act 1972;*
- *Public Sector Act 2009.*

Purpose

The Department was established to provide a range of integrated education, health and child protection services for the benefit of children, young people and families.

The Department's focus is to improve children and young people's education, safety and developmental outcomes from birth through their transition to adulthood.

Public education is at the core of the Department and we recognise that the success of public education depends on mutually beneficial partnerships with parents and families, community, tertiary providers, industry, government and non-government organisations.

The Department's other critical functions are child protection through the Office for Child Safety and Families SA, and health and wellbeing services through the Women's and Children's Health Network, which are aimed at all newborn babies and children up to four years old.

Our Role

To oversee early childhood care and development services for South Australian families

The Department oversees the provision of local family day care, preschool education, children's centres, out of school hours care programs, plus health and wellbeing services that support parents, carers and children. We partner with the Australian Government as well as the community sector and local government to integrate all services, with a focus on providing high quality teaching and learning.

To provide services that benefit children and families

The Department works with all families early in their journey to support parents and ensure the individual needs of each child are met, fostering the best development and learning outcomes for each child to maximise their potential.

To lead and manage South Australia's education system

The Department manages South Australia's public education system, with the goal of delivering world-class primary and secondary education in all areas of the curriculum. At the local level, we want every child to achieve their potential, and we see families as our partners to ensure each and every child leaves school with strong skills and a positive outlook.

To provide the State's statutory child protection service

The Department works with families to keep children safe from harm and to build parents' capacity to care safely for their children. If children and young people are not able to remain safely in the care of their birth family, we are responsible for the care and support of these children as they enter out-of-home care, and for children under the Guardianship of the Minister.

Vision

A high performing system that improves the educational attainment and wellbeing of South Australia's children and young people.

Department for Education and Child Development

Notes to and forming part of the financial statements

Our Strategic Intent

The Department's strategic plan outlines six priority areas for improvement that will be delivered to the South Australian community.

- Higher standards of learning achievement
- Improve health and wellbeing
- Improve and integrate child safety
- Engage children, families and communities
- Right service at the right time
- Build a better system

The Department is guided in our work by the strategic plan and includes working collaboratively with our partners to provide a safe environment for the wellbeing of children and young people. In addition, the Department will continue to publish performance data and report on the progress toward our strategic commitments.

The strategic plan is supported by two detailed companion documents. *Building a High Performing System* is a business improvement plan that sets out critical short-term priorities for lifting the capability, performance, integrity and effectiveness of South Australia's public education and care system.

The *Families SA Service Plan* outlines the changes to the delivery of child protection services aimed at providing practical assistance to families that focus on their strengths, supports and protective factors to ensure that contact with the child protection system adds value to children, young people and their families.

These three core documents signal new ways of working together and taking Individual and collective responsibility for improving outcomes for children, young people and families.

2 Summary of significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

Except for AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities' which the Department has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2016. Refer to note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- that accounting policies be selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported; and

Department for Education and Child Development
Notes to and forming part of the financial statements

(b) Basis of preparation (continued)

- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia established pursuant to the *Public Sector Act 2009*. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department (refer to the disaggregated schedule for details of the Department's controlled activities).

The Department does not control any other entity and has no interests in unconsolidated structured entities.

In making this assessment, the Department considered its power over the entity, its exposure of rights (eg protective and substantive rights) to variable returns from its involvement with the entity and the ability to use its power to affect return amounts (eg ability to direct relevant major activities).

The Department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

Transactions within DECD columns

The values in the DECD columns in the financial statements incorporate the activities of the corporate department.

Corporate department activities include transactions that relate to the operations of government controlled schools and preschools including:

- expenses such as salaries and wages, salary related on-costs and some utilities expenses;
- infrastructure assets including land, buildings and major improvements; and
- liabilities recorded in the corporate department's financial systems such as employee benefits.

Income earned and expenses incurred directly by government controlled schools and preschools which are accounted for locally in their general ledgers are excluded from the DECD column.

Department for Education and Child Development

Notes to and forming part of the financial statements

Transactions within Consolidated column

The values in the Consolidated columns in the financial statements incorporate the activities of the corporate department as discussed above and government controlled schools. All material transactions between the corporate department and government controlled schools have been eliminated as required by Australian Accounting Standards.

Financial data was collected from government schools for the school year ended 31 December 2015 for the purpose of consolidating it with data from the corporate department. Where material, adjustments have been made to the consolidated figures to take into account the effect of schools having a different reporting period to the corporate department.

Administered items

The Department is responsible for the administration of specific funds on behalf of the Minister for Education and Child Development. The Department does not have control over how these funds are to be spent and operates in the capacity as an agent responsible for the administration of the transfer process to third parties. The Administered Financial Statements include the income, expenses, assets and liabilities of these funds.

The main administered funds are:

- *Minister for Education and Child Development*

Funds are appropriated to the Minister for Education and Child Development and are disbursed at the discretion of the Minister. The principal payments are:

- the State Government contribution to the operation of the SACE Board of South Australia;
- the State and Commonwealth Government contributions to the operation of the Education and Early Childhood Services Registration and Standards Board of South Australia;
- payments to the Department of Planning, Transport and Infrastructure for the purposes of student travel;
- the State Government contribution to the operation of non-government schools, organisations and services to students with disabilities; and
- the Commonwealth Government contribution to the operation of non-government schools, organisations and services to students with disabilities.

- *Minister's salary and allowances*

The Minister's salary and allowances are funded by specific legislation and the Department has no control over this part of the annual appropriation.

(d) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or Accounting Policy Statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

(f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Department for Education and Child Development
Notes to and forming part of the financial statements

(g) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed as at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Department will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Revenue from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions received

Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Department has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Department for Education and Child Development
Notes to and forming part of the financial statements

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriation for program funding is recognised as revenue when the Department obtains control over the funding. Control over appropriation is obtained upon receipt.

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains on disposal of land, buildings, improvements and buses are recognised at the date the control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Other income

Other income consists of fundraising and donations, assets recognised for the first time, and recoveries.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Department will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current service of current departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Depreciation and amortisation of non-current assets

All non-current assets having a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and depreciation/amortisation methods 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

Department for Education and Child Development
Notes to and forming part of the financial statements

Depreciation and amortisation of non-current assets (continued)

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Buildings and improvements	10-170
Residential Accommodation Housing	30-50
Leasehold improvements	Life of lease
Buildings under finance lease	45-60
Buses / Motor vehicles	12-20
Computing, communications, furniture and equipment	3-20
Intangible assets	3-30
Other assets	5-10

Grants and Subsidies

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

Grants and subsidies paid by the Department are primarily contributions with unconditional stipulations attached.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and are paid directly to the Consolidated Account.

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Department for Education and Child Development
Notes to and forming part of the financial statements

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Loan receivables are recorded at historical cost.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence the Department will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets

The Department measures financial assets and debt at historical cost.

Inventories

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing the loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for all other inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Land

Land is valued at fair value as at 30 June 2016. Refer to note 23.

Department for Education and Child Development
Notes to and forming part of the financial statements

Buildings and improvements

Buildings and improvements are valued at current replacement cost less accumulated depreciation. Current replacement cost information on asset holdings was obtained from the Strategic Asset Management Information System (SAMIS) maintained by the Department of Planning, Transport and Infrastructure. Replacement costs have been established by reference to quantity surveyors estimates and updated through the application of a relevant building index. The valuations for buildings are current as at 30 June 2014, paved areas are current as at 30 June 2014 and swimming pools are current as at 30 June 2015. The building data excludes landscaping, infrastructure, pergolas, playground equipment, fencing and some paving, sheds and outdoor learning areas because they either cannot be reliably measured or no information is recorded in SAMIS.

Buildings under construction are reported as work in progress and are valued at cost.

Where buildings and improvements are destroyed by fire during the year, the written down value of the buildings and improvements is treated as an expense in the Statement of Comprehensive Income.

Buildings under finance lease

Buildings under finance lease are valued at fair value as at 30 June 2014.

Leasehold improvements

Leasehold improvements are valued at fair value as at 30 June 2014.

Residential accommodation

Residential accommodation is valued at fair value as at 30 June 2015. Refer to note 23 for further details.

Buses

Buses are recorded at current replacement cost (deemed fair value) less accumulated depreciation as at 30 June 2015.

Computing, communications, furniture and equipment and other assets

Items are recorded at historical cost (deemed fair value) less accumulated depreciation.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

The Department revalues its buildings and improvements, buildings under finance lease, residential accommodation and bus fleet at least every three years. However if at any time, management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Land is revalued annually if the revaluation is considered to be material in nature. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement costs. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective revaluation surplus.

Department for Education and Child Development
Notes to and forming part of the financial statements

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of internally developed software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principle or most advantageous market, at the measurement date.

The Department 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 valuation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (input 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.

Non-financial assets

In determining fair value, the Department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Department 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 had an estimated useful life that was less than three years is deemed to approximate fair value.

Refer to notes 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The Department does not recognise any financial assets or financial liabilities at fair value.

(m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Department for Education and Child Development

Notes to and forming part of the financial statements

Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payables.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, country incentive leave, annual leave and skills and experience retention leave.

The Department 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 external schemes.

Borrowings / Financial liabilities

The Department measures financial liabilities including borrowings/debt at historical cost.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Department has entered into finance leases and operating leases.

Finance leases

Finance leases which transfer to the Department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance the Department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

In July 2009 the State of South Australia entered into a 30 year agreement under the Partnership's SA policy for the financing, design, construction and maintenance of six schools that opened during the 2010-11 financial year. At the completion of construction for each school a commitment in regard to these assets was recognised as a finance lease with related finance lease assets.

Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Department for Education and Child Development
Notes to and forming part of the financial statements

Employee benefits

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

Salaries and wages, annual leave, country incentive 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 reporting date.

The annual leave liability, country incentive leave and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

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.

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.

The estimated liability for long service is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the Department has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

(n) Insurance

The Department has insured for risks through SAICORP, a division of the South Australian Government Finance Authority. Under these insurance arrangements the Department will meet the relevant deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and Directors' and Officers' liability).

For the Families SA division of the Department, the deductible amount is \$10 000 and for the rest of the Department the deductible amount is \$200 000 (except for fire claims \$1 million).

(o) Unrecognised contractual commitments and contingent assets and liabilities

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

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

Department for Education and Child Development

Notes to and forming part of the financial statements

(p) Public Private Partnership

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd, under the Partnerships SA policy, for the financing, design, construction, and maintenance of six schools. This agreement includes the provision of operational and maintenance services by the operator for a specified period of time, and is referred to as a Public Private Partnership (PPP).

Under the PPP agreement, the Department pays the operator over the period of the arrangement, subject to specified performance criteria being met. These estimated periodic payments are allocated between:

- a component related to the design and construction that is accounted for as a finance lease payment;
- a component for the provision and replacement of equipment and infrastructure accounted for as a service right liability payment; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as operating costs which are expensed in the Statement of Comprehensive Income.

The construction of all six schools was completed during the 2010-11 financial year and the State assumed responsibility for education provision, staffing, curriculum and teacher practice. On completion of construction, a finance leased asset was recognised for the facility assets and an intangible asset was recognised for the service right relating to the supply and use of equipment.

Applicable liability and future commitment disclosures relating to the components of the arrangements are provided in notes 26, 30 and 32.

3 New or revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2015-16.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2016 with the exception of AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities' which the Department has early adopted. The Department has assessed the impact of all other new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

AASB 16 'Leases' will apply for the first time to the 30 June 2020 financial report. This standard will require the Department to recognise all leased items in the statement of financial position as assets representing the value of items leased and as liabilities representing the expected future lease payments.

Department for Education and Child Development
Notes to and forming part of the financial statements

4 Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities:

Activity 1: Early Childhood Development

The Department is responsible for the delivery of early childhood education and care, child protection, health and wellbeing services for children, young people and families. The program recognises the importance of the parent's role in their child's development and builds upon establishing relationships with families to support every child to grow, learn and develop. The implementation of national and state early childhood reform agendas to improve outcomes for all South Australian children and families underpins the program.

There is a key focus on ensuring that the most vulnerable children and young people at risk of disadvantage are supported. The establishment of children's centres across the state in areas of highest need, the provision of preschool for all four-year olds, continued collaboration across agencies and the delivery of targeted family support programs contribute to achieving this goal. The provision of quality early childhood education and care services that are accessible, integrated and build effective relationships with children and families is at the core of the program.

Activity 2 School Education

The Department is responsible for the delivery of high quality primary and secondary public education across the state to all children and young people of school age. Through a focus on high achievement, growth, challenge, engagement and equity the Department seeks to maximise every child and young person's learning and help them to become successful learners, confident and creative individuals and informed citizens.

The Department continues to build the capability of our teachers and leaders and maintains high expectations of schools to raise standards of achievement for all students. The Department's work is strengthened by the involvement of parents and local communities in the education of children.

Activity 3 Care and Protection

The Department is focused on ensuring that the most vulnerable children and young people at risk of abuse, neglect and disadvantage are protected from harm. This is a significant responsibility, which the Department undertakes in partnership with families, other government partners, the non-government sector and communities. By providing family support and child safety responses to vulnerable families, children's safety is enhanced, which addresses the risk of harm and builds on parents' capacity to care for their children.

Where children and young people are not able to safely remain in the care of their birth family, the Department facilitates out-of-home care arrangements. Where this involves placing a child under the Guardianship of the Minister, the Department also provides out-of-home care services and support as well as case management

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2015 and 30 June 2016.

Department for Education and Child Development
Notes to and forming part of the financial statements

5 Employee benefits expenses

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including annual leave)	1 865 310	1 819 051	1 834 884	1 792 168
Employment on-costs - superannuation	196 435	193 823	193 484	191 012
Employment on-costs - payroll tax	106 387	102 580	106 387	102 580
Long service leave	98 147	74 178	97 442	73 503
Workers Compensation	23 973	16 716	23 973	16 716
Skills and experience retention leave	11 978	11 535	11 978	11 535
Targeted voluntary separation payments	6 559	5 751	6 559	5 751
Other employee related expenses	2 611	2 674	2 481	2 535
Country incentive leave	373	457	373	457
Board and committee fees	29	26	29	26
Total employee benefits expenses	2 311 802	2 226 791	2 277 590	2 196 283

Targeted voluntary separation packages (TVSPs)

Amounts paid to separated employees:

TVSPs	9 486	6 738	9 486	6 738
Annual leave and Long Service Leave Paid	4 550	2 186	4 550	2 186
Total amount paid	14 036	8 924	14 036	8 924

Recovery from the Department of Treasury and Finance

	-	-	-	-
Net cost to the department	14 036	8 924	14 036	8 924

Number of employees who were paid TVSPs during the reporting period

122	49	122	49
-----	----	-----	----

TVSP amounts paid to separated employees are disclosed on a cash basis above (\$9.5 million), where the TVSP expense recorded within the note is recognised on an accrual basis (\$6.6 million).

Department for Education and Child Development
Notes to and forming part of the financial statements

5 Employee benefits expenses (continued)

Remuneration of employees	2016	2016	2015	2015
The number of employees whose remuneration received or receivable falls within the following bands:	Consolidated Number of Executives ²	Consolidated Number of Employees ³	Consolidated Number of Executives ²	Consolidated Number of Employees ³
\$141 500 to \$145 000 ¹	n/a	n/a	-	32
\$145 001 to \$155 000	1	173	-	106
\$155 001 to \$165 000	2	106	2	64
\$165 001 to \$175 000	3	54	3	45
\$175 001 to \$185 000	-	31	2	33
\$185 001 to \$195 000	5	26	4	17
\$195 001 to \$205 000	2	21	6	19
\$205 001 to \$215 000	7	14	3	8
\$215 001 to \$225 000	7	13	3	4
\$225 001 to \$235 000	1	5	1	3
\$235 001 to \$245 000	-	-	2	4
\$245 001 to \$255 000	3	4	2	3
\$255 001 to \$265 000	2	3	2	2
\$265 001 to \$275 000	4	7	1	3
\$275 001 to \$285 000	1	1	1	1
\$285 001 to \$295 000	-	1	-	1
\$295 001 to \$305 000	-	2	-	-
\$305 001 to \$315 000	-	1	2	4
\$315 001 to \$325 000	1	1	-	-
\$335 001 to \$345 000	1	2	-	-
\$345 001 to \$355 000	1	2	-	-
\$375 001 to \$385 000	-	1	-	-
\$385 001 to \$395 000	-	1	-	-
\$395 001 to \$405 000	-	-	1	1
\$415 001 to \$425 000	-	2	-	-
\$445 001 to \$455 000	-	-	-	1
\$455 001 to \$465 000	-	1	-	-
\$475 001 to \$485 000	-	1	-	-
\$505 001 to \$515 000	-	-	-	1
\$615 001 to \$625 000	-	-	-	1
Total number of executives / employees	41	473	35	353

¹ This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

² The number of executive officers disclosed in the above table includes employees appointed on a South Australian Executive Service (SAES) contract as at 30 June 2016 and 30 June 2015 respectively. The numbers of executive officers separately disclosed are also included in the number of employee totals for 2016 and 2015.

³ Includes resigned and retired executives not included in the executive column.

Department for Education and Child Development
Notes to and forming part of the financial statements

5 Employee benefits expenses (continued)

The table includes all employees who received remuneration equal to, or greater than, the base executive remuneration level during the year. Remuneration of these employees reflect all costs of employment including salary and wages, payments in lieu of leave, employer's superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of these benefits.

Of the employees that were remunerated over the base executive remuneration level, 58 (39) received country incentive payments. There were 29 (39) individuals that ceased employment with the SA Government and received payments for unused leave entitlements with a further 12 (5) receiving an amount under the TVSP scheme. All individuals in reference are included in the above employee numbers.

Remuneration received or due and receivable by the above employees was \$83 million (\$61.5 million), which is included in employee benefits expenses. Salary rates during 2015-16 increased by 2.5 percent for *Education Act 1972* employees, 2.5 percent for *Public Sector Act 2009* employees effective from the first pay period on or after 1 October 2015 and 2.5 percent for executives effective 1 July 2015.

Number of employees as at the reporting date

As at 30 June, the Department employed 24 112 (23 538) full-time equivalents.

6 Supplies and services

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Minor works, maintenance and equipment	142 556	130 824	105 684	95 081
Printing, postage and consumables	77 082	77 926	5 652	5 468
Other supplies and services	75 621	78 789	7 893	8 724
Utilities	42 330	45 851	20 380	44 909
Cleaning	37 803	36 656	6 028	5 304
Vehicle and travelling expenses	35 579	35 734	33 619	33 690
Rentals and leases	34 509	30 198	31 708	28 166
Student learning materials	29 035	28 919	-	-
Contractors and other outsourced services	27 242	24 941	27 521	25 660
Bus contractors	25 107	24 727	25 109	24 727
Excursions and camps	22 227	21 006	-	-
Computer communications	20 125	16 567	14 693	13 402
Telecommunications	18 195	16 957	16 134	15 191
Management fees and charges	18 003	14 705	20 757	17 728
Shared Services SA charges	15 085	14 793	15 085	14 793
Cost of goods sold	14 895	14 559	-	-
Training and development	10 916	11 064	5 350	4 912
Security	6 115	7 165	5 611	6 719
Insurance (including self-insurance)	5 995	5 720	6 023	5 985
PPP Service Fee	5 841	5 262	5 841	5 262
Copyright	4 124	4 360	4 120	4 355
Legal costs	2 916	3 024	2 916	3 031
Residential and client related costs	2 823	2 671	2 825	2 677
Total supplies and services	674 124	652 418	362 949	365 784

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

Department for Education and Child Development
Notes to and forming part of the financial statements

6 Supplies and services (continued)

Consultancy fees	2016	2016	2015	2015
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	Consolidated	Consolidated	Consolidated	Consolidated
	No.	\$'000	No.	\$'000
Below \$10 000	-	-	2	12
Above \$10 000	4	171	3	380
Total paid/payable to consultants engaged	4	171	5	392

7 Grants and subsidies

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Recurrent grants paid to other organisations	242 220	199 612	242 220	199 612
Recurrent grants paid to preschools	5 925	5 089	5 925	5 089
Recurrent grants paid to schools and units	-	-	220 828	138 037
Capital grants paid to schools and units	-	-	3 317	2 772
Total grants and subsidies	248 145	204 701	472 290	345 510

8 Depreciation and amortisation expense

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation				
Buildings and improvements	95 225	93 214	95 168	93 136
Computing, communication, furniture and equipment	5 078	4 518	419	407
Buildings under finance lease	3 292	3 293	3 292	3 293
Buses and motor vehicles	2 718	3 361	1 939	2 521
Leasehold improvements	1 664	1 230	1 664	1 230
Other depreciation	947	654	70	129
Service right for equipment	948	799	948	799
Residential accommodation housing	823	825	822	825
Internally developed computer software	755	961	755	961
Externally provided software	27	10	27	10
Total depreciation and amortisation expense	111 477	108 865	105 104	103 311

9 Borrowing costs

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Finance lease costs	22 591	22 332	22 591	22 332
Interest paid/payable on short-term and long-term borrowings	60	56	-	-
Total borrowing costs	22 651	22 388	22 591	22 332

Finance lease costs relate to the interest expenses associated with the PPP agreement.

Department for Education and Child Development
Notes to and forming part of the financial statements

10 Other expenses

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Auditor's remuneration				
– Auditor-General's Department *	559	527	559	527
Auditor's remuneration – other	982	970	912	918
Other insurance	3 466	2 039	3 478	2 067
Allowance for doubtful debts and debt write-offs	2 623	2 150	61	66
Non-current assets written off	2 202	15 128	2 202	15 128
Other expenses	1 462	–	1 462	–
Donated assets	1 600	–	1 600	–
Emergency Services Levy	1 341	1 272	1 341	1 272
Total other expenses	14 235	22 086	11 615	19 978

* Audit fees paid / payable to the Auditor-General's Department relate to the audit of the financial statements. No other services were provided by the Auditor-General's Department.

11 Commonwealth revenues

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
National Education Reform Agenda	403 633	371 819	403 633	371 819
National Partnership - Universal Access to Early Childhood Development	27 111	24 890	27 111	24 890
Family Day Care Scheme	22 245	24 733	22 245	24 733
National School Chaplaincy Program	5 867	2 934	5 867	2 934
Indigenous Advancement Strategy	2 714	–	2 714	–
National Partnership - Improving Literacy and Numeracy	2 450	2 450	2 450	2 450
Independent Public Schools	2 382	401	2 382	401
Rural Care Worker Program	1 992	1 369	1 992	1 369
Trade Training Centres	1 758	3 363	1 758	3 363
Detainee Minors	1 700	2 730	1 700	2 730
National Partnership - Teacher Quality	1 462	2 089	1 462	2 089
Other specific Commonwealth revenue	1 234	2 422	1 234	2 422
National Partnership - More Support for Students with Disabilities	1 295	4 600	1 295	4 600
Family Day Care Administration	1 065	4 177	1 065	4 177
ESL New Arrivals (Bridging Visa E050)	942	1 452	942	1 452
National Partnership - Advanced Technology	675	947	675	947
Unaccompanied Humanitarian Minors	319	487	319	487
National Partnership - Rewards for Great Teachers	282	1 371	282	1 371
National Partnership - Aboriginal Children and Family Centres	–	2 093	–	2 093
Supplementary Recurrent Assistance Scheme	–	240	–	240
Total Commonwealth revenues	479 126	454 567	479 126	454 567

Department for Education and Child Development
Notes to and forming part of the financial statements

Commitments

The National Education Reform Agreement received \$403.6 million (\$371.8 million) of Commonwealth revenue via the Treasury in 2015-16 which was fully spent as at 30 June 2016.

The Universal Access to Early Childhood Development program received \$27.1 million (\$24.9 million) of Commonwealth revenue in 2015-16 of which \$1.3 million (\$0.8 million) was unspent as at 30 June 2016. The funds are aimed at providing additional hours of access to early childhood education.

The Family Day Care Scheme received \$22.2 million (\$24.7 million) of Commonwealth revenue in 2015-16 of which \$1.2 million (\$0.5 million) was unspent as at 30 June 2016. The funding is provided on behalf of parents to childcare providers as a Commonwealth subsidy toward childcare services.

The National School Chaplaincy Program received \$5.9 million (\$2.9 million) of Commonwealth revenue in 2015-16 of which \$0.2 million (\$0.2 million) was unspent as at 30 June 2016. The objective of this Program is to provide chaplaincy services in Australian schools, to support the emotional wellbeing of students by providing pastoral care services; and strategies that support the emotional wellbeing of the broader school community.

The Indigenous Advancement Strategy program received \$2.7 million (\$nil) of Commonwealth Revenue in 2015-16 of which \$1.0 million was unspent as at 30 June 2016. The funding is for meeting outcomes of getting children to school, improving education outcomes including year 12 attainment, improving youth transition to vocational and higher education and work, and supporting families to give children a good start in life through improved early childhood development, care, education and school readiness.

The Improving Literacy and Numeracy program received \$2.5 million (\$2.5 million) of Commonwealth revenue in 2015-16 which was fully spent (2014-15 was also fully spent) as at 30 June 2016. The funding is to improve literacy and numeracy in schools and improving teaching capability and effectiveness.

The Independent Public Schools program received \$2.4 million (\$0.4 million) of Commonwealth revenue in 2015-16 of which \$0.3 million (\$0.4 million) was unspent as at 30 June 2016. The Agreement supports the increased autonomy in government schools across Australia through greater engagement of parents and local communities in school decision making and the provision of professional development for principals, school leaders and school communities through: (a) focus on local governance; (b) increased accountability to the local community; (c) the use of streamlined or one-line budgets; (d) local management of school facilities; and (e) increased delegation over staffing for school principals.

The Rural Care Worker program received \$2.0 million (\$1.4 million) of Commonwealth revenue in 2015-16 of which \$1.3 million (\$0.3 million) was unspent as at 30 June 2016. The funding is provided to enable child care centres to provide quality child care services that meet the needs of families and the communities of rural South Australia.

The Trade Training Centres program received \$1.8 million (\$3.4 million) of Commonwealth revenue in 2015-16 which was fully spent (\$1.2 million) as at 30 June 2016. The funds are for the provision and development of training centres assisting young South Australians to pursue vocational pathways.

The Detainee Minors program received \$1.7 million (\$2.7 million) of Commonwealth revenue in 2015-16 of which \$0.2 million (2014-15 was fully spent) was unspent as at 30 June 2016. The Commonwealth (Department of Immigration and Border Protection) provides funding for Community Detention and Bridging Visa E school age students attending South Australian government schools.

The Teacher Quality program received \$1.5 million (\$2.1 million) of Commonwealth revenue in 2015-16 of which \$0.9 million (\$1.3 million) was unspent as at 30 June 2016. The funding is for schools to improve the quality of teaching and leadership, with a specific focus on principals in Australian schools, and maintaining a quality teaching workforce.

Other specific Commonwealth programs received \$1.2 million (\$2.4 million) of which \$0.5 million (\$0.6 million) was unspent as at 30 June 2016.

The More Support for Students with Disabilities program received \$1.3 million (\$4.6 million) of Commonwealth revenue in 2015-16 of which \$0.5 million (\$2.4 million) was unspent as at 30 June 2016. The funding assists schools through a range of initiatives including professional support of teachers and school support staff to build their capacity to deliver special education programs through support and use of assistive learning technology and a range of other learning modes.

Department for Education and Child Development
Notes to and forming part of the financial statements

Commitments (continued)

The Family Day Care Administration program received \$1.1 million (\$4.2 million) of Commonwealth revenue in 2015-16 which was fully spent (2014-15 was also fully spent). The funding is provided to assist the Family Day Care Administration program to administer the State wide family day care centres in South Australia.

The ESL New Arrivals program received \$0.9 million (\$1.5 million) of Commonwealth revenue in 2015-16 which was fully spent (2014-15 was also fully spent). This funding is providing access to education, counselling and language services to refugee students on bridging visas.

The Advanced Technology program received \$0.7 million (\$0.9 million) of Commonwealth revenue in 2015-16 of which \$0.2 million (\$0.4 million) was unspent as at 30 June 2016. The funding is for schools to achieve sustained improvements for pathways for young people into the defence industry sector in educational outcomes in participating schools/school communities that align with those in the National Education Agreement.

The Unaccompanied Humanitarian Minors program received \$0.3 million (\$0.5 million) of Commonwealth revenue in 2015-16 which was fully spent (2014-15 was also fully spent). The funding is for Families SA to provide appropriate care and supervision services to the unaccompanied humanitarian minors who are referred to it by the Commonwealth.

The Rewards for Great Teachers program received \$0.3 million (\$1.4 million) of Commonwealth revenue in 2015-16 of which \$0.2 million (\$1.0 million) was unspent as at 30 June 2016. The purpose of this funding is to provide Teacher Reward Payments to teachers who achieve certification at the Highly Accomplished and Lead Levels of the National Professional Standards for Teachers from 2014 to 2018.

The Aboriginal Children & Family Centres program received no Commonwealth revenue in 2015-16 compared to \$2.1 million of Commonwealth revenue in 2014-15 of which \$0.5 million was unspent as at 30 June 2015. The funding is for increased support for Aboriginal children with the establishment of four Aboriginal Children & Family centres.

The Supplementary Recurrent Assistance Scheme (Indigenous Education (Targeted Assistance) Act 2000) received no Commonwealth revenue in 2015-16 compared to \$0.2 million in 2014-15 which was fully spent as at 30 June 2015. The funding is provided to support indigenous preschool students improve attendance, literacy and numeracy awareness prior to primary school.

12 Student and other fees and charges

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Student enrolment fees and charges	107 949	102 977	3 419	3 434
Canteen sales	15 753	15 978	-	-
Sales/fee for service revenue	13 713	13 597	2 135	2 702
Other user fees and charges	12 764	11 200	13 951	11 882
Total student and other fees and charges	150 179	143 752	19 505	18 018

13 Other grants and contributions

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Grants and subsidies revenue	28 014	21 571	13 824	14 444
Donations	734	678	-	-
Total other grants and contributions	28 748	22 249	13 824	14 444

Department for Education and Child Development
Notes to and forming part of the financial statements

14 Interest revenues

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Interest from entities within the SA Government	66	116	405	496
Other interest	8 905	11 839	7 401	7 401
Total interest revenues	8 971	11 955	7 806	7 897

15 Net (loss)/gain from disposal of non-current assets

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Proceeds from disposal	6 281	14 438	6 281	14 438
Net book value of assets disposed	(9 970)	(11 812)	(9 970)	(11 812)
Net (loss)/gain from disposal of land and buildings	(3 689)	2 626	(3 689)	2 626
Vehicles, plant and equipment				
Proceeds from disposal	380	369	139	70
Net book value of assets disposed	(299)	(511)	(193)	(84)
Net gain/(loss) from disposal of vehicles, plant and equipment	81	(142)	(54)	(14)
Residential accommodation housing				
Net book value of assets disposed	(780)	-	(780)	-
Net (loss) from disposal of residential accommodation housing	(780)	-	(780)	-
Non-current assets classified as held for sale				
Proceeds from disposal	5 405	12 736	5 405	12 736
Net book value of assets disposed	(7 294)	(7 216)	(7 294)	(7 216)
Net (loss)/gain from disposal of non-current assets classified as held for sale	(1 889)	5 520	(1 889)	5 520
Total Assets				
Total proceeds from disposal	12 066	27 543	11 825	27 244
Total value of assets disposed	(18 343)	(19 539)	(18 237)	(19 112)
Total net (loss)/gain from disposal of non-current assets	(6 277)	8 004	(6 412)	8 132

Department for Education and Child Development
Notes to and forming part of the financial statements

16 Other revenues

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Other revenue	41 824	31 270	6 699	7 136
Recoveries - other	7 488	9 398	9 988	13 751
Fundraising revenue	7 420	7 553	-	-
Assets recognised for the first time	5 808	4 900	5 808	4 900
Commission received	1 203	1 273	4 289	3 671
Contributed assets	3	-	3	-
Total other revenues	63 746	54 394	26 787	29 458

17 Revenues from / payments to SA Government

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Revenues from SA Government				
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	2 679 876	2 609 531	2 679 876	2 609 531
Transfers from contingencies	2 469	883	2 469	883
Total revenues from SA Government	2 682 345	2 610 414	2 682 345	2 610 414

Payments to SA Government

Return of surplus cash pursuant to cash alignment policy	(60 899)	(17 172)	(60 899)	(17 172)
Total Payments to SA Government	(60 899)	(17 172)	(60 899)	(17 172)

18 Cash and cash equivalents

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Deposits with the Treasurer (AAEFA)	422 439	354 021	422 439	354 021
SA School Investment Fund (SASIF)	368 992	335 118	-	-
Cash at bank and on hand	32 107	28 596	672	779
Deposits with the Treasurer - at call	14 373	144 624	14 373	144 624
Section 21 Deposit Accounts	385	381	385	381
Total cash and cash equivalents	838 296	862 740	437 869	499 805

Deposits with the Treasurer

Funds held in the Accrual Appropriation Excess Funds Account (AAEFA) are not available for general use, ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

SA School Investment Fund

Represents the amount held in schools SASIF accounts at 31 December 2015, adjusted to account for additional grant revenue and other material movements that occurred between the school's calendar year and the Department's financial year.

The physical amount held in schools and units SASIF accounts as at 30 June 2016 was \$392.6 million (\$357.2 million) and does not include \$32.3 million (\$26.4 million) held in the account for preschools and some units as these have been treated as transactions with third parties.

Department for Education and Child Development
Notes to and forming part of the financial statements

19 Receivables

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Current				
Fees, charges and other receivables	35 654	32 564	22 929	23 948
Allowance for doubtful debts	(4 761)	(4 210)	(100)	(125)
GST recoverable from the ATO	11 302	9 684	8 726	7 321
Prepayments	11 019	4 413	9 172	2 840
Accrued revenues	2 970	2 083	3 842	2 338
Loan receivables	-	-	650	671
Total current receivables	56 184	44 534	45 219	36 993
Non-current				
Workers compensation receivable	870	851	870	851
Loan receivables	15	14	4 465	5 147
Total non-current receivables	885	865	5 335	5 998
Total receivables	57 069	45 399	50 554	42 991

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss)	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Carrying amount at 1 July	4 210	4 083	125	107
Increase in the allowance	2 623	2 150	61	66
Amounts written off	(2 072)	(2 023)	(86)	(48)
Carrying amount at 30 June	4 761	4 210	100	125

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, 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.

- a) Categorisation and maturity analysis of financial instruments – refer table 36.3 in note 36
- b) Ageing analysis of financial assets – refer table 36.4 in note 36
- c) Risk exposure information – refer note 36

Department for Education and Child Development
Notes to and forming part of the financial statements

20 Inventories

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Current				
Materials at net realisable value	5 870	5 746	147	171
Total current inventories	5 870	5 746	147	171
Total inventories	5 870	5 746	147	171

21 Other financial assets

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Current				
Term deposits	2 016	2 050	-	-
Total current investments	2 016	2 050	-	-
Non-current				
Term deposits	98	80	-	-
Total non-current investments	98	80	-	-
Total other financial assets	2 114	2 130	-	-

The term deposits are carried at cost and are to be held to their maturity.

22 Non-current assets classified as held for sale

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Land	8 940	2 991	8 940	2 991
Buildings and improvements	2 779	4 305	2 779	4 305
Total non-current assets classified as held for sale	11 719	7 296	11 719	7 296

As a result of school closures and amalgamations, the land and buildings located at these sites are surplus to requirements. It is anticipated the land and buildings will be sold within the next 12 months. There were no indications of impairment of the land and buildings transferred to held for sale.

Department for Education and Child Development
Notes to and forming part of the financial statements

22 Non-current assets classified as held for sale (continued)

The following table shows the movement of non-current assets classified as held for sale:

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Land held for Sale				
Carrying amount at the beginning of the period	2 991	4 695	2 991	4 695
Asset disposals	(2 991)	(4 695)	(2 991)	(4 695)
Assets reclassified to/(from) assets held for sale	8 940	2 991	8 940	2 991
Carrying amount at the end of the period	8 940	2 991	8 940	2 991
Buildings and improvements				
Carrying amount at the beginning of the period	4 305	2 362	4 305	2 362
Asset derecognition / disposals	(4 305)	(2 361)	(4 305)	(2 361)
Assets reclassified to/(from) assets held for sale	2 779	4 304	2 779	4 304
Carrying amount at the end of the period	2 779	4 305	2 779	4 305
Buses				
Carrying amount at the beginning of the period	-	160	-	160
Asset disposals	-	(160)	-	(160)
Carrying amount at the end of the period	-	-	-	-
Total non-current assets classified as held for sale	11 719	7 296	11 719	7 296

Department for Education and Child Development
Notes to and forming part of the financial statements

23 Property, plant and equipment

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Land				
Land	1 367 488	1 339 122	1 367 089	1 338 723
Total land	1 367 488	1 339 122	1 367 089	1 338 723
Buildings and improvements				
Buildings and improvements	6 061 652	6 095 058	6 060 840	6 094 354
Accumulated depreciation	(3 737 570)	(3 697 930)	(3 737 275)	(3 697 680)
Total buildings and improvements	2 324 082	2 397 128	2 323 565	2 396 674
Residential accommodation housing				
Residential accommodation housing	36 788	38 395	36 788	38 395
Accumulated depreciation	(15 584)	(15 589)	(15 584)	(15 589)
Total Residential accommodation housing	21 204	22 806	21 204	22 806
Buildings under finance lease				
Buildings under finance lease	189 755	189 756	189 755	189 756
Accumulated amortisation	(18 382)	(15 091)	(18 382)	(15 091)
Total buildings under finance lease	171 373	174 665	171 373	174 665
Construction work in progress				
Construction work in progress	21 552	14 704	21 552	14 704
Total construction work in progress	21 552	14 704	21 552	14 704
Leasehold improvements				
Leasehold improvements	39 962	39 910	39 962	39 910
Accumulated amortisation	(31 224)	(29 561)	(31 224)	(29 561)
Total leasehold improvements	8 738	10 349	8 738	10 349
Buses / motor vehicles				
Buses / motor vehicles	64 294	68 028	51 353	55 415
Accumulated depreciation	(29 688)	(36 684)	(21 665)	(29 161)
Total buses / motor vehicles	34 606	31 344	29 688	26 254
Computing, communications, furniture and equipment				
Computing, communications, furniture and equipment	57 565	55 302	14 207	14 707
Accumulated depreciation	(36 391)	(34 296)	(12 937)	(13 095)
Total computing, communications, furniture and equipment	21 174	21 006	1 270	1 612
Other assets				
Other assets	11 060	10 468	4 138	4 138
Accumulated depreciation	(7 821)	(7 359)	(4 058)	(3 988)
Total other assets	3 239	3 109	80	150
Total property, plant and equipment	3 973 456	4 014 233	3 944 559	3 985 937

Department for Education and Child Development
Notes to and forming part of the financial statements

23 Property, plant and equipment (continued)

Valuation of non-current assets

The independent valuation of land held for education related services was performed by the Valuer-General as at 30 June 2016.

Buildings, pavings and swimming pools used for the provision of education related services are valued through reference to SAMIS which is maintained by the DPTI. These building and paving valuations were valued as at 30 June 2014 and the swimming pools were valued as at 30 June 2015.

The independent valuation of residential accommodation was performed as at 30 June 2015 by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd. The valuation was performed by reference to market selling price utilising comparable sales evidence.

The independent valuation of buildings under finance lease was performed as at 30 June 2014 by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd. The valuer adopted depreciated replacement cost when valuing the buildings due to there not being an active market for purchasing such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; the specialised nature of the assets including the restricted use of the assets; size, condition, location and current use of the asset. The valuation was based on cost data from construction manuals and projects costs of buildings recently erected.

The independent valuation of leasehold improvements was performed by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd as at 30 June 2014. The valuer adopted depreciated replacement cost when valuing the assets as quoted prices in an active liquid market was not available.

Bus values are determined on an internal estimate of current depreciated replacement cost for each bus category based on recent acquisitions, a review of useful lives and residual values.

All computing, communications, furniture and equipment and other assets had a fair value at time of acquisition that was less than \$1 million and have not been revalued in accordance with APF III. The carrying values of these assets are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their fair value, except for management assumptions about condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2016.

Department for Education and Child Development
Notes to and forming part of the financial statements

23 Property, plant and equipment (continued)

The following table shows the movement of property, plant and equipment during 2015-16.

RECONCILIATION OF NON-CURRENT ASSETS										
DECD 2015-16										
DECD 2015-16	Land	Buildings and Improve ments	Buildings under Finance Lease	Residential Accommod ation Housing	Constructio n Work In Progress	Leasehold Improvem ts	Buses / Motor Vehicles	Computing, Communica tions, Furniture and Equipment	Other Assets	Tangible Assets Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	1 338 723	2 396 674	174 665	22 806	14 704	10 349	26 254	1 612	150	3 985 937
Additions	-	344	-	-	34 947	-	5 566	107	-	40 964
Disposals	(5 136)	(4 834)	-	(780)	-	-	(193)	-	-	(10 943)
Assets derecognised	-	(2 153)	-	-	-	-	-	(49)	-	(2 202)
Assets reclassified to assets held for sale	(8940)	(2779)	-	-	-	-	-	-	-	(11 719)
Transfers (from)/to WIP	-	28 042	-	4	(28 099)	53	-	-	-	-
Revaluation increment/(decrement)	41 689	-	-	-	-	-	-	-	-	41 689
Depreciation and amortisation	-	(95 168)	(3 292)	(822)	-	(1 664)	(1 939)	(419)	(70)	(103 374)
Assets recognised for the first time	2 353	3 439	-	-	-	-	-	16	-	5 808
Transfers (to)/from third parties	(1 600)	-	-	-	-	-	-	3	-	(1 597)
Other changes	-	-	-	(4)	-	-	-	-	-	(4)
Carrying amount at the end of the period	1 367 089	2 323 565	171 373	21 204	21 552	8 738	29 688	1 270	80	3 944 559

The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information

The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

Department for Education and Child Development
Notes to and forming part of the financial statements

23 Property, plant and equipment (continued)

The following table shows the movement of property, plant and equipment during 2014-15.

RECONCILIATION OF NON-CURRENT ASSETS										
DECD 2014-15										
	Land	Buildings and Improvements	Buildings under Finance Lease	Residential Accommodation Housing	Construction Work In Progress	Leasehold Improvements	Buses / Motor Vehicles	Computing, Communications, Furniture and Equipment	Other Assets	Tangible Assets Total
DECD 2014-15	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	1 315 293	2 281 757	177 958	18 036	181 700	3 089	19 803	1 024	279	3 998 939
Additions	16	176	-	-	75 680	-	6 086	828	-	82 786
Disposals	(4 983)	(6 829)	-	-	-	-	(84)	-	-	(11 896)
Assets derecognised	(121)	(14 921)	-	-	-	-	(60)	(26)	-	(15 128)
Assets reclassified to assets held for sale	(2 991)	(4 304)	-	-	-	-	-	-	-	(7 295)
Transfers (from)/to WIP	-	229 952	-	4 207	(242 676)	8 490	-	27	-	-
Revaluation increment/(decrement)	30 622	473	-	1 388	-	-	2 689	-	-	35 172
Depreciation and amortisation	-	(93 136)	(3 293)	(825)	-	(1 230)	(2 521)	(407)	(129)	(101 541)
Assets recognised for the first time	887	3 506	-	-	-	-	341	166	-	4 900
Carrying amount at the end of the period	1 338 723	2 396 674	174 665	22 806	14 704	10 349	26 254	1 612	150	3 985 937

The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information

The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

Department for Education and Child Development
Notes to and forming part of the financial statements

24 Intangible assets

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Internally developed computer software				
Internally developed computer software	12 668	12 668	12 668	12 668
Accumulated amortisation	(10 172)	(9 417)	(10 172)	(9 417)
Total internally developed computer software	2 496	3 251	2 496	3 251
Externally provided software				
Externally provided software	139	256	139	256
Accumulated amortisation	(37)	(127)	(37)	(127)
Total externally provided software	102	129	102	129
Service right for the right to use equipment				
Service right for equipment	23 945	22 691	23 945	22 691
Accumulated amortisation	(4 425)	(3 477)	(4 425)	(3 477)
Total service right for the right to use equipment	19 520	19 214	19 520	19 214
Total intangible assets	22 118	22 594	22 118	22 594

The internally developed computer software relates to the Department's human resource management system (Valeo) and the Connected Client and Case Management System (C3MS) for case management of children.

The service right to use equipment relates to the provision, maintenance and replacement of equipment under the PPP over the period of the agreement. The service right is amortised over the remaining period of the PPP agreement. The PPP arrangements have been detailed in note 2(p).

Impairment

There were no indications of impairment on intangible assets as at 30 June 2016.

The following tables show the movement of intangible assets:

RECONCILIATION OF INTANGIBLE ASSETS				
DECD 2015-16				
DECD 2015-16	Internally Developed Computer Software \$'000	Other computer software \$'000	Service Right for Equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	3 251	129	19 214	22 594
Additions	-	-	1 254	1 254
Amortisation	(755)	(27)	(948)	(1 730)
Carrying amount at the end of the period	2 496	102	19 520	22 118
The above reconciliation of intangible assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.				

Department for Education and Child Development
Notes to and forming part of the financial statements

RECONCILIATION OF INTANGIBLE ASSETS				
DECD 2014-15				
DECD 2014-15	Internally Developed Computer Software \$'000	Other computer software \$'000	Service Right for Equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	4 212	-	20 013	24 225
Additions	-	139	-	139
Amortisation	(961)	(10)	(799)	(1 770)
Carrying amount at the end of the period	3 251	129	19 214	22 594
The above reconciliation of intangible assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.				

25 Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department 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 2016	DECD Level 2 \$'000	DECD Level 3 \$'000	DECD Total \$'000
Recurring fair value measurements			
Land	1 367 089	-	1 367 089
Buildings and improvements	-	2 323 565	2 323 565
Residential accommodation housing	21 204	-	21 204
Buildings under finance lease	-	171 373	171 373
Leasehold improvements	-	8 738	8 738
Buses/Motor vehicles	-	29 688	29 688
Computing, communications, furniture and equipment	-	1 270	1 270
Other assets	-	80	80
Total recurring fair value measurements	1 388 293	2 534 714	3 923 007
Non-recurring fair value measurements			
Land held for sale	8 940	-	8 940
Buildings and improvements held for sale	2 779	-	2 779
Total non-recurring fair value measurements	11 719	-	11 719
Total fair value measurements	1 400 012	2 534 714	3 934 726

The above disclosure of fair value measurement is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

Department for Education and Child Development
Notes to and forming part of the financial statements

<i>Fair value measurements at 30 June 2015</i>	DECD	DECD	DECD
	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	1 338 723	-	1 338 723
Buildings and improvements	-	2 396 674	2 396 674
Residential accommodation housing	22 806	-	22 806
Buildings under finance lease	-	174 665	174 665
Leasehold improvements	-	10 349	10 349
Buses/Motor vehicles	-	26 254	26 254
Computing, communications, furniture and equipment	-	1 612	1 612
Other assets	-	150	150
Total recurring fair value measurements	1 361 529	2 609 704	3 971 233
Non-recurring fair value measurements			
Land held for sale	2 991	-	2 991
Buildings and improvements held for sale	4 305	-	4 305
Total non-recurring fair value measurements	7 296	-	7 296
Total fair value measurements	1 368 825	2 609 704	3 978 529

The above disclosure of fair value measurement is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

The Department has measured land and buildings held for sale at fair value less costs to sell in accordance with AASB5 because the assets' fair value less costs to sell is lower than its carrying amount. Refer to Note 22.

The Department'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 23.

During 2016 and 2015, the Department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Department for Education and Child Development
Notes to and forming part of the financial statements

RECONCILIATION OF RECURRING FAIR VALUE MEASUREMENT - LEVEL 3						
DECD 2015-16						
	Buildings and Improvements	Buildings under Finance Lease	Leasehold Improvements	Buses / Motor Vehicles	Computing, Communicatio ns, Furniture and Equipment	Other Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	2 396 674	174 665	10 349	26 254	1 612	150
Additions	344	-	-	5 566	107	-
Disposals	(4 834)	-	-	(193)	-	-
Assets derecognised	(2 153)	-	-	-	(49)	-
Assets reclassified to assets held for sale	(2779)	-	-	-	-	-
Transfers from WIP	28 042	-	53	-	-	-
Assets recognised for the first time	3 439	-	-	-	16	-
Transfers from third parties	-	-	-	-	3	-
Losses for the period recognised in net result						
Depreciation and amortisation	(95 168)	(3 292)	(1 664)	(1 939)	(419)	(70)
Total losses recognised in net result	(95 168)	(3 292)	(1 664)	(1 939)	(419)	(70)
Closing balance at the end of the period	2 323 565	171 373	8 738	29 688	1 270	80
The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.						

Department for Education and Child Development
Notes to and forming part of the financial statements

RECONCILIATION OF RECURRING FAIR VALUE MEASUREMENT - LEVEL 3						
DECD 2014-15						
	Buildings and Improvements	Buildings under Finance Lease	Leasehold Improvements	Buses / Motor Vehicles	Computing, Communications, Furniture and Equipment	Other Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	2 281 757	177 958	3 089	19 803	1 024	279
Additions	176	-	-	6 086	828	-
Disposals	(6 829)	-	-	(84)	-	-
Assets derecognised	(14 921)	-	-	(60)	(26)	-
Assets reclassified to assets held for sale	(4 304)	-	-	-	-	-
Transfers from WIP	229 952	-	8 490	-	27	-
Assets recognised for the first time	3 506	-	-	341	166	-
Losses for the period recognised in net result						
Depreciation and amortisation	(93 136)	(3 293)	(1 230)	(2 521)	(407)	(129)
Total losses recognised in net result	(93 136)	(3 293)	(1 230)	(2 521)	(407)	(129)
Gains for the period in other comprehensive income (OCI)						
Revaluation increment	473	-	-	2 689	-	-
Total gains recognised in OCI	473	-	-	2 689	-	-
Closing balance at the end of the period	2 396 674	174 665	10 349	26 254	1 612	150
The above reconciliation of non-current assets is for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.						

Department for Education and Child Development
Notes to and forming part of the financial statements

26 Payables

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	37 933	49 597	62 838	61 318
Employment on-costs	44 249	53 202	44 241	53 170
Accrued expenses	12 726	19 109	4 448	12 624
Accrued interest on PPP finance lease	2 964	2 816	2 964	2 816
Total current payables	97 872	124 724	114 491	129 928
Non-current				
Employment on-costs	56 850	53 229	56 850	53 229
Accrued interest on PPP finance lease	7 872	6 202	7 872	6 202
Total non-current payables	64 722	59 431	64 722	59 431
Total payables	162 594	184 155	179 213	189 359

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave changed from the 2015 rate (63%) to 62% and the average factor for the calculation of employer superannuation has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- a) Categorisation of financial instruments and maturity analysis of payables – refer Table 36.3 in note 36
- b) Risk exposure information – refer note 36

Department for Education and Child Development
Notes to and forming part of the financial statements

27 Borrowings

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Current				
Obligations under finance leases - PPP ⁽¹⁾	1 628	1 453	1 628	1 453
Obligations under finance leases - other	2	4	-	-
Borrowings	37	7	-	-
Total current borrowings	1 667	1 464	1 628	1 453
Non-current				
Obligations under finance leases - PPP ⁽¹⁾	169 323	170 950	169 323	170 950
Obligations under finance leases - other	4	2	-	-
Borrowings	71	79	-	-
Advance ⁽²⁾	285	285	285	285
Total non-current borrowings	169 683	171 316	169 608	171 235
Total borrowings	171 350	172 780	171 236	172 688

⁽¹⁾ This finance lease is related to the public private partnership agreement and is interest bearing.

⁽²⁾ The advance was to establish the imprest account and is non-interest bearing.

Finance leases are recognised at cost, and the interest rate implied based on the total payments due over the life of the PPP finance lease is 11.26%. Refer to note 32(a)(ii).

a) Categorisation of financial instruments and maturity analysis of borrowings – refer Table 36.3 in note 36

b) Risk exposure information – refer note 36

c) Defaults and breaches – There were no defaults or breaches on any of the above liabilities throughout the year.

28 Employee benefits

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	116 106	130 630	115 031	129 632
Long service leave	62 121	62 587	62 073	62 519
Skills and experience retention leave	20 402	18 253	20 402	18 253
Accrued salaries and wages	8 768	61 110	8 199	60 523
Country incentive leave	358	612	358	612
Total current employee benefits	207 755	273 192	206 063	271 539
Non-current				
Long service leave	489 443	451 706	486 365	448 627
Country incentive leave	2 840	2 642	2 840	2 642
Total non-current employee benefits	492 283	454 348	489 205	451 269
Total employee benefits	700 038	727 540	695 268	722 808

Department for Education and Child Development
Notes to and forming part of the financial statements

28 Employee benefits (continued)

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided the basis for the measurement of long service leave.

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 decreased from 2015 (3.0%) to 2016 (2.0%) for Families SA employees and from 2015 (2.75%) to 2016 (1.75%) for all other employees due to differing profiles of employee leave usage.

This decrease in bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase of \$34.3 million in total long service leave liability and an increase of \$38.3 million in the total employee benefits expense (which includes on-costs). The impact on future periods is impracticable to estimate as long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability and 3% 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.

29 Provisions

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Current				
Provision for workers compensation	29 715	25 470	29 715	25 470
Provision for legal claims	911	919	911	919
Provision for fire claims	-	-	513	351
Total current provisions	30 626	26 389	31 139	26 740
Non-current				
Provision for workers compensation	62 785	75 927	62 785	75 927
Provision for legal claims	4 906	3 566	4 906	3 566
Total non-current provisions	67 691	79 493	67 691	79 493
Total provisions	98 317	105 882	98 830	106 233

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Movements in provisions				
Provision for workers compensation				
Carrying amount at 1 July	101 397	117 142	101 397	117 142
Reductions arising from payments	(30 407)	(30 948)	(30 407)	(30 948)
Additional provision recognised	21 510	15 203	21 510	15 203
Carrying amount at 30 June	92 500	101 397	92 500	101 397

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet).

Department for Education and Child Development
Notes to and forming part of the financial statements

29 Provisions (continued)

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Movements in provisions				
Provision for legal claims				
Carrying amount at 1 July	4 485	4 530	4 485	4 530
Reductions arising from payments	(612)	(45)	(612)	(45)
Reversal of over provision	(1 242)	-	(1 242)	-
Additional provision recognised	3 186	-	3 186	-
Carrying amount at 30 June	5 817	4 485	5 817	4 485
Provision for fire claims				
Carrying amount at 1 July	-	-	351	80
Reductions arising from payments	-	-	(38)	(102)
Reversal of over provision	-	-	(91)	-
Additional provision recognised	-	-	291	373
Carrying amount at 30 June	-	-	513	351

30 Other liabilities

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Current				
Deposits	14 072	12 467	13 527	11 788
Unearned revenue	13 531	11 143	822	347
Other liabilities	2 995	4 487	450	269
Equipment service right	532	346	532	346
Total current other liabilities	31 130	28 443	15 331	12 750
Non-current				
Equipment service right	21 900	21 402	21 900	21 402
Other liabilities	730	628	470	468
Deposits	527	446	-	-
Total non-current other liabilities	23 157	22 476	22 370	21 870
Total other liabilities	54 287	50 919	37 701	34 620

Department for Education and Child Development
Notes to and forming part of the financial statements

31 Equity

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Retained earnings	2 247 172	2 267 713	1 808 021	1 882 124
Revaluation surplus	1 476 884	1 451 149	1 476 697	1 450 962
Total equity	3 724 056	3 718 862	3 284 718	3 333 086

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

32 Unrecognised contractual commitments

(a) Public private partnership related commitments

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd under the Partnerships SA policy, for the financing, design, construction and maintenance of six schools.

The construction of all six schools was completed and achieved commercial acceptance during the 2010-11 financial year, at which point the State assumed responsibility for education provision, staffing, curriculum and teacher practice.

(i) PPP operations and maintenance commitments

Future operations and maintenance commitments are payable in nominal terms as follows:

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Within one year	5 623	5 402	5 623	5 402
Later than one year but not later than five years	23 932	22 985	23 932	22 985
Later than five years	142 815	146 702	142 815	146 702
Total PPP operations and maintenance commitments	172 370	175 089	172 370	175 089

(ii) PPP Finance lease commitments

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	2016	2016	2015	2015
	Minimum	Present	Minimum	Present
	lease	value	lease	value
	payments	of lease	payments	of lease
	\$'000	payments	\$'000	payments
Within one year	21 011	18 891	21 014	18 891
Later than one year but not later than five years	84 014	58 312	84 027	58 293
Later than five years	379 801	93 748	400 798	95 219
Total minimum lease payments	484 826	170 951	505 839	172 403
Less amounts representing finance charges	313 875	-	333 436	-
Present value of minimum lease payments	170 951	170 951	172 403	172 403

Department for Education and Child Development
Notes to and forming part of the financial statements

(ii) PPP Finance lease commitments (continued)

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Included in the financial statements as:				
Current borrowings (note 27)	1 628	1 453	1 628	1 453
Non-current borrowings (note 27)	169 323	170 950	169 323	170 950
Total included in borrowings	170 951	172 403	170 951	172 403

The PPP arrangements have been detailed in note 2(p) above. The weighted average interest rate implicit in the leases is 11.26%.

(b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Within one year	11 564	7 417	11 564	7 417
Total capital commitments	11 564	7 417	11 564	7 417

The Department's capital commitments are for commitments under the investing program.

(c) Operating lease commitments for vehicles

Commitments in relation to operating leases for vehicles contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Within one year	5 769	5 501	5 769	5 501
Later than one year but not later than five years	4 409	4 329	4 409	4 329
Total operating lease commitments for vehicles	10 178	9 830	10 178	9 830

The Department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with SAFA through their agent LeasePlan Australia Ltd. There are no purchase options available to the Department.

(d) Operating lease commitments for facilities

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2016	2015	2016	2015
	Consolidated	Consolidated	DECD	DECD
	\$'000	\$'000	\$'000	\$'000
Within one year	16 605	16 106	16 605	16 106
Later than one year but not later than five years	33 574	39 711	33 574	39 711
Later than five years	5 852	9 194	5 852	9 194
Total operating lease commitments for facilities	56 031	65 011	56 031	65 011

Department for Education and Child Development

Notes to and forming part of the financial statements

(d) Operating lease commitments for facilities (continued)

The Department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of educational services. Office accommodation is leased from DPTI. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew.

33 Contingent assets and contingent liabilities

On 29 February 2012 the High Court of Australia determined that contract teachers and temporary relieving teachers in the period 1972 to 2005 should have been appointed under the same section of the Education Act as permanent teachers. The State Government has allocated a capped \$15 million for once-off discretionary payments to teachers who would be affected by amendments to the Education Act 1972. A sufficiently reliable estimate of the potential liability has not been made as it is dependent on claimants lodging valid proof of debt for consideration and ratification. The application process for claims will commence in 2016-17.

34 Remuneration of board and committee members

Members of the boards and committees during the 2015-16 financial year were:

Animal Ethics Committee

Ms Jana Algra-Cramond ¹ (appointed 1 July 2015,
resigned 1 February 2016)
Ms Jan Brooks ¹ (resigned 31 December 2015)
Mr Stefan Demianyk ¹ (appointed 1 July 2015,
resigned 1 January 2016)
Mr John Hatch
Mr Manfred Heide
Dr David Mason
Ms Kay McGrath

Mr Matthew Mercorella ¹ (appointed 1 May 2016)
Dr Denise Noonan
Ms Linda Olifent ¹ (appointed 1 February 2016)
Ms Patricia Sprague
Mr Ross Templeman ¹
Ms Amanda Vishnich ¹ (resigned 1 July 2015)
Ms Kymberly Warren ¹ (resigned 1 July 2015)
Ms Margy Wright ¹ (appointed 1 December 2015)

Child Death and Serious Injury Review Committee

Mr Alwin Chong (resigned 30 June 2016)
Ms Lynne Cowan ¹ (resigned 30 June 2016)
Ms Angela Davis
Ms Dymphna Eszenyi
Dr Mark Fuller
Ms Diane Gursanksy
Ms Michelle Hasani ² (resigned 30 June 2016)
Mr Barry Jennings QC (resigned 30 June 2016)

Dr Deepa Jeyaseelan
Dr Margaret Kyrkou ²
Mr Thomas Osborn ¹
Ms Nicole Stasiak ¹ (resigned 30 June 2016)
Dr Nigel Stewart ²
Ms Patricia Strachan ¹ (resigned 29 April 2016)
Ms Barbara Tiffin ¹

DECD Audit and Risk Committee

Ms Angela Allison
Ms Jayne Johnston ¹
Ms Julieann Riedstra ¹
Mr Coenraad Robberts ¹

Mr Etienne Scheepers ¹
Ms Patricia Strachan ¹ (resigned 29 April 2016)
Mr Ben Temperly ¹ (appointed 1 June 2016)

Department for Education and Child Development
Notes to and forming part of the financial statements

34 Remuneration of board and committee members (continued)

Council for the Care of Children Committee

Ms Fiona Arney (resigned 4 September 2015)
 Ms Sonja Brown
 Ms Elisabeth Burtnik
 Ms Barbara Chapman
 Ms Jesse Frick
 Mr Anthony Harrison ¹ (resigned 21 June 2016)
 Mr Thomas Manning ¹ (resigned 10 June 2016)
 Ms Joslene Mazel ¹ (resigned 21 June 2016)
 Ms Gerardine Mulhearn (appointed 31 March 2016)

Mr Rick Persse ¹ (appointed 21 June 2016)
 Ms Catherine Ryan (resigned 11 February 2016)
 Ms Kelly Ryan (appointed 26 November 2015)
 Ms Nerida Saunders ¹
 Mr Simon Schrapel
 Professor Phillip Slee
 Mr David Swan ¹
 Mr Roland Wilson (appointed 4 February 2016)

SA Institute for Education Leadership

Ms Sam Bradley ¹ (appointed 13 July 2015,
 resigned 4 February 2016)
 Ms Susan Cameron ¹ (resigned 4 February 2016)
 Ms Asha Crozier ¹ (appointed 8 February 2016)
 Ms Vonnie Dolling ¹ (appointed 11 February 2016)
 Mr John Hill
 Ms Jayne Johnston ¹ (resigned 4 February 2016)
 Ms Pam Kent ¹

Mr Tim McLeod ¹ (appointed 9 February 2016)
 Mr Phil O'Loughlin ¹ (resigned 12 July 2015)
 Ms Kate Ryan ¹ (resigned 8 February 2016)
 Ms Patricia Strachan ¹ (resigned 4 February 2016)
 Mr David Tonkin
 Ms Penny Tranter ¹ (appointed 11 February 2016)
 Dr Niki Vincent
 Ms Tammy Williams ¹

SA Teacher Certification Committee

Dr Kerry Ann Kavanagh ¹ (resigned 31 December 2015)
 Mr Michael Kenny
 Dr Lynda MacLeod
 Ms Susan Miels (appointed 1 January 2016)

Dr Janette Patterson
 Ms Lynda Seacombe
 Mr Bruno Viecei
 Ms Erica Womersley ¹ (resigned 24 June 2016)

The number of members whose remuneration received/receivable falls within the following bands:	2016 Number	2015 Number
\$0	63	50
\$1 - \$9 999	13	19
\$10 000 - \$19 999	1	1
Total number of members	77	70

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration, including employer superannuation contributions, received or receivable by members was \$31 238 (\$35 409).

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.

- ¹ Government employee who did not receive any remuneration for board/committee duties during the financial year in accordance with DPC Circular 16.
- ² Part-time government employee who gained approval to receive remuneration for board/committee duties during the financial year.

Department for Education and Child Development
Notes to and forming part of the financial statements

35 Cash flow reconciliation

	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 DECD \$'000	2015 DECD \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	838 296	862 740	437 869	499 805
Balance as per Statement of Cash Flows	838 296	862 740	437 869	499 805

Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services

Net cash provided by operating activities	15 323	209 546	(29 674)	221 534
Revenues from SA Government	(2 682 345)	(2 610 414)	(2 682 345)	(2 610 414)
Payments to SA Government	60 899	17 172	60 899	17 172

Non-cash items

Depreciation and amortisation expense	(111 477)	(108 865)	(105 104)	(103 311)
Bad and doubtful debts	(2 623)	(2 150)	(61)	(66)
Non-current assets derecognised/written off	(2 202)	(15 128)	(2 202)	(15 128)
Donated assets	(1 600)	-	(1 600)	-
Assets recognised for the first time	5 808	4 900	5 808	4 900
Net gain from disposal of non-current assets	(6 277)	8 004	(6 412)	8 132
Contributed assets	3	-	3	-

Movements in assets and liabilities

Increase/(decrease) in receivables	14 292	8 682	8 327	(166)
Increase/(decrease) in inventories	124	357	(24)	32
(Increase)/decrease in payables	19 751	(18 298)	8 336	(12 008)
(Increase)/decrease in employee benefits	27 502	(44 482)	27 540	(44 113)
(Increase)/decrease in provisions	7 565	15 790	7 403	15 519
(Increase)/decrease in other liabilities	(2 684)	(7 442)	(2 397)	(2 765)
Net cost of providing services	(2 657 941)	(2 542 328)	(2 711 503)	(2 520 682)

36 Financial risk management / financial instruments

The following tables are for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

36.1 Financial risk management

Risk management is managed by the Department's corporate services section and Departmental 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 Department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Department for Education and Child Development

Notes to and forming part of the financial statements

36.2 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 note 2 Summary of Significant Accounting Policies.

Refer Table 36.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Cash and cash equivalents; receivables; and financial liabilities measured at cost.

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 19 and 26).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer notes 2 and 27).

36.3 Liquidity risk

Liquidity risk arises from the possibility the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows.

The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in table 36.3 represents the Department's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Department including the contractual maturity analysis for financial assets and liabilities (ie liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Department for Education and Child Development
Notes to and forming part of the financial statements

36 Financial risk management / financial instruments (continued)

Table 36.3 Categorisation and maturity analysis of financial assets and liabilities (DECD)

Category of financial asset and financial liability	Notes	2016 Carrying amount/fair value \$'000	2016 Contractual Maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalent						
- Cash and cash equivalent	18	437 869	437 869	-	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	19	31 786	-	27 321	2 723	1 742
Total financial assets		469 655	437 869	27 321	2 723	1 742
Financial liabilities						
Financial liabilities held at cost						
- Payables ⁽¹⁾	26	78 122	-	70 250	7 872	-
- Borrowings	27	171 236	-	1 628	8 685	160 923
- Other liabilities	30	37 701	-	15 331	4 225	18 145
Total financial liabilities		287 059	-	87 209	20 782	179 068

Category of financial asset and financial liability	Notes	2015 Carrying amount/fair value \$'000	2015 Contractual Maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalent						
- Cash and cash equivalent	18	499 805	499 805	-	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	19	31 979	-	26 832	2 716	2 431
Total financial assets		531 784	499 805	26 832	2 716	2 431
Financial liabilities						
Financial liabilities held at cost						
- Payables ⁽¹⁾	26	82 960	-	76 758	6 202	-
- Borrowings	27	172 688	-	1 453	7 763	163 472
- Other liabilities	30	34 620	-	12 750	3 488	18 382
Total financial liabilities		290 268	-	90 961	17 453	181 854

⁽¹⁾ Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).

⁽²⁾ Receivables amounts disclosed here exclude prepayments. Prepayments are presented in note 19 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Department for Education and Child Development
Notes to and forming part of the financial statements

36 Financial risk management / financial instruments (continued)

36.4 Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Department.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 36.3 represents the department's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 36.4 Ageing analysis of financial assets (DECD)

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for more than 60 days \$'000	
2016						
Receivables ⁽¹⁾	31 786	19 530	10 097	92	2 167	(100)
Total financial assets	31 786	19 530	10 097	92	2 167	(100)
2015						
Receivables ⁽¹⁾	31 979	27 434	1 788	106	2 776	(125)
Total financial assets	31 979	27 434	1 788	106	2 776	(125)

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

36.5 Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department'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.

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the net result or total equity from fluctuations in interest rates is immaterial.

Department for Education and Child Development
Notes to and forming part of the financial statements

37 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original Budget ¹ 2016 \$'000	Consolidated Actual 2016 \$'000	Variance 2016 \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expenses		2 380 152	2 311 802	(68 350)
Supplies and services		664 217	674 124	9 907
Grants and subsidies		173 832	248 145	74 313
Depreciation and amortisation expense		108 746	111 477	2 731
Borrowing costs		22 467	22 651	184
Other expenses		4 140	14 235	10 095
Total Expenses		3 353 554	3 382 434	28 880
Income				
Commonwealth revenues		472 199	479 126	6 927
Student and other fees and charges		137 772	150 179	12 407
Other revenues		47 488	63 746	16 258
Other grants and contributions		46 938	28 748	(18 190)
Interest revenues		8 158	8 971	813
Net (loss)/gain from disposal of non-current assets		(4 417)	(6 277)	(1 860)
Total Income		708 138	724 493	16 355
Net cost of providing services		2 645 416	2 657 941	12 525
Revenues from / (Payments to) SA Government				
Revenues from SA Government		2 654 287	2 682 345	28 058
Payments to SA Government		-	(60 899)	(60 899)
Net Revenues from / (payments to) SA Government		2 654 287	2 621 446	(32 841)
Net result		8 871	(36 495)	(45 366)
Other Comprehensive Income				
Changes in revaluation surplus		-	41 689	41 689
Total comprehensive result		8 871	5 194	(3 677)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4, Vol 2). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

No variances exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Department for Education and Child Development
Notes to and forming part of the financial statements

37 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000
	Note			
Investing Expenditure Summary				
Total new projects	1	16 000	709	(15 291)
Total existing projects		31 798	30 101	(1 697)
Total annual programs	2	8 371	19 039	10 668
Total investing expenditure		56 169	49 849	(6 320)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4, Vol 2). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- 1 Once the scope and project plans were developed for the new projects it was identified that significant expenditure was to occur in the second year of the projects resulting in less expenditure in 2015-16.
- 2 Additional expenditure on annual programs primarily relates to expenditure in relation to remediation works of a significant fire at Lameroo Regional Community school, expenditure in relation to the provision of transportable buildings to address capacity issues at a number of schools and general investing expenditure by schools on equipment and building improvements.

38 Events after the end of the reporting period

On 21 June 2016, the Government announced its intention to transfer the Office for Child Protection (Families SA) from the Department for Education and Child Development to a new Department for Child Protection. The movement of the Office is a result of a recommendation from the Child Protection Systems Royal Commission. The financial effect of this machinery of government change has not been reflected in the financial statements.

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government – Consolidated

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Expenses							
Employee benefits expenses	5						
Salaries and wages (including annual leave)		-	-	1 865 310	1 819 051	1 865 310	1 819 051
Employment on-costs - superannuation		-	-	196 435	193 823	196 435	193 823
Employment on-costs - payroll tax		106 387	102 580	-	-	106 387	102 580
Long service leave		-	-	98 147	74 178	98 147	74 178
Workers Compensation		2 462	1 512	21 511	15 204	23 973	16 716
Targeted voluntary separation payments		-	-	6 559	5 751	6 559	5 751
Country incentive leave		-	-	373	457	373	457
Board and committee fees		-	-	29	26	29	26
Skills and experience retention leave		-	-	11 978	11 535	11 978	11 535
Other employee related expenses		-	-	2 611	2 674	2 611	2 674
Supplies and services	6						
Minor works, maintenance and equipment		96 688	78 674	45 888	52 150	142 556	130 824
Rentals and leases		29 301	27 883	5 208	2 315	34 509	30 198
Management fees and charges		14 969	10 691	3 034	4 014	18 003	14 705
Utilities		16 539	15 893	25 791	29 958	42 330	45 851
Cleaning		485	281	37 318	36 375	37 803	36 656
Printing, postage and consumables		9	17	77 073	77 909	77 082	77 926
Training and development		264	427	10 652	10 637	10 916	11 064
Shared Services SA charges		15 085	14 793	-	-	15 085	14 793
Vehicle and travelling expenses		9 293	8 341	26 286	27 393	35 579	35 734
Security		4 283	5 700	1 832	1 465	6 115	7 165
Insurance (including self-insurance)		5 995	5 702	-	18	5 995	5 720

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government - Consolidated (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Supplies and services (continued)	6						
Contractors and other outsourced services		1 049	1 446	26 193	23 495	27 242	24 941
Telecommunications		2 911	2 522	15 284	14 435	18 195	16 957
Legal costs		1 635	2 448	1 281	576	2 916	3 024
Residential and client related costs		241	11	2 582	2 660	2 823	2 671
Computer communications		472	2 959	19 653	13 608	20 125	16 567
Copyright		-	-	4 124	4 360	4 124	4 360
Bus contractors		14	8	25 093	24 719	25 107	24 727
Excursions and camps		-	-	22 227	21 006	22 227	21 006
Cost of goods sold		-	-	14 895	14 559	14 895	14 559
Student learning materials		-	-	29 035	28 919	29 035	28 919
PPP Service Fee		-	-	5 841	5 262	5 841	5 262
Other		1 686	(1 881)	73 935	80 670	75 621	78 789
Grants and subsidies	7						
Recurrent grants paid to preschools		5 925	5 089	-	-	5 925	5 089
Recurrent grants paid to other organisations		2 889	2 881	239 331	196 731	242 220	199 612
Depreciation and amortisation expense	8						
Buildings and improvements		-	-	95 225	93 214	95 225	93 214
Residential accommodation housing		-	-	823	825	823	825
Computing, communication, furniture and equipment		-	-	5 078	4 518	5 078	4 518
Buses and motor vehicles		-	-	2 718	3 361	2 718	3 361
Leasehold improvements		-	-	1 664	1 230	1 664	1 230
Buildings under finance lease		-	-	3 292	3 293	3 292	3 293
Internally developed computer software		-	-	755	961	755	961

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government - Consolidated (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Depreciation and amortisation expense (continued)	8						
Externally provided software		-	-	27	10	27	10
Service right for equipment		-	-	948	799	948	799
Other		-	-	947	654	947	654
Borrowing costs	9						
Interest paid/payable on short-term and long-term borrowings		-	-	60	56	60	56
Finance lease costs		-	-	22 591	22 332	22 591	22 332
Other expenses	10						
Auditor's remuneration – Auditor-General's Department *		559	527	-	-	559	527
Auditor's remuneration – other		-	-	982	970	982	970
Allowance for doubtful debts and debt write-offs		-	-	2 623	2 150	2 623	2 150
Other insurance		1 056	939	2 410	1 100	3 466	2 039
Emergency Services Levy		1 341	1 272	-	-	1 341	1 272
Non-current assets written off		-	-	2 202	15 128	2 202	15 128
Donated assets		1 600	-	-	-	1 600	-
Other expenses		1 462	-	-	-	1 462	-
Total expenses		324 580	290 715	3 057 854	2 946 534	3 382 434	3 237 249
Income							
Commonwealth revenues	11	-	-	479 126	454 567	479 126	454 567
Student and other fees and charges	12						
Sales/fee for service revenue		409	368	13 304	13 229	13 713	13 597
Student enrolment fees and charges		-	-	107 949	102 977	107 949	102 977
Other user fees and charges		171	63	12 593	11 137	12 764	11 200
Canteen sales		-	-	15 753	15 978	15 753	15 978

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government - Consolidated (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Other grants and contributions	13						
Grants and subsidies revenue		12 338	(6 752)	15 676	28 323	28 014	21 571
Donations		-	-	734	678	734	678
Interest revenues	14						
Interest		66	116	-	-	66	116
Other		-	-	8 905	11 839	8 905	11 839
Net (loss)/gain from disposal of non-current and other assets	15						
Total proceeds from disposal		-	-	12 066	27 543	12 066	27 543
Total value of assets disposed		-	-	(18 343)	(19 539)	(18 343)	(19 539)
Other revenues	16						
Commission received		-	-	1 203	1 273	1 203	1 273
Fundraising revenue		-	-	7 420	7 553	7 420	7 553
Assets recognised for the first time		-	-	5 808	4 900	5 808	4 900
Recoveries - other		197	314	7 291	9 084	7 488	9 398
Contributed assets		3	-	-	-	3	-
Other revenue		2 353	11	39 471	31 259	41 824	31 270
Revenues from / payments to SA Government	17						
Revenues from SA Government		2 682 345	2 610 414	-	-	2 682 345	2 610 414
Payments to SA Government		(60 899)	(17 172)	-	-	(60 899)	(17 172)
Total income		2 636 983	2 587 362	708 956	700 801	3 345 939	3 288 163
Net result		2 312 403	2 296 647	(2 348 898)	(2 245 733)	(36 495)	50 914

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government – Consolidated (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Financial assets							
Cash and cash equivalents	18						
Deposits with the Treasurer - at call		14 373	144 624	-	-	14 373	144 624
Deposits with the Treasurer - Accrual							
Appropriation Excess Funds Account		422 439	354 021	-	-	422 439	354 021
SA School Investment Fund (SASIF)		-	-	368 992	335 118	368 992	335 118
Cash at bank and on hand		-	-	32 107	28 596	32 107	28 596
Section 21 Deposit Accounts		385	381	-	-	385	381
Receivables	19						
Fees, charges and other receivables		2 150	1 840	33 504	30 724	35 654	32 564
Allowance for doubtful debts		(83)	(85)	(4 678)	(4 125)	(4 761)	(4 210)
GST recoverable from the ATO		-	-	11 302	9 684	11 302	9 684
Prepayments		5 858	3	5 161	4 410	11 019	4 413
Accrued revenues		104	37	2 866	2 046	2 970	2 083
Loan receivables		-	-	15	14	15	14
Workers compensation receivable		-	-	870	851	870	851
Other financial assets	21						
Term deposits		-	-	2 114	2 130	2 114	2 130
Total financial assets		445 226	500 821	452 253	409 448	897 479	910 269

Department for Education and Child Development
Notes to and forming part of the financial statements

39 Transactions with SA Government – Consolidated (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000	2016 Consolidated \$'000	2015 Consolidated \$'000
Financial liabilities							
Payables	26						
Creditors		16 625	21 924	21 308	27 673	37 933	49 597
Employment on-costs		51 236	46 971	49 863	59 460	101 099	106 431
Accrued expenses		3 733	4 783	8 993	14 326	12 726	19 109
Accrued interest on PPP finance lease		-	-	10 836	9 018	10 836	9 018
Borrowings	27						
Obligations under finance leases - PPP		-	-	170 951	172 403	170 951	172 403
Obligations under finance leases - other		-	-	6	6	6	6
Borrowings		-	-	108	86	108	86
Advance		285	285	-	-	285	285
Other liabilities	30						
Deposits		-	-	14 599	12 913	14 599	12 913
Unearned revenue		1	15	13 530	11 128	13 531	11 143
Equipment service right		-	-	22 432	21 748	22 432	21 748
Other liabilities		-	-	3 725	5 115	3 725	5 115
Total financial liabilities		71 880	73 978	316 351	333 876	388 231	407 854

Department for Education and Child Development
Notes to and forming part of the financial statements

40 Transactions with SA Government - DECD

	Note	SA Government		Non-SA Government		Total	
		2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000
Expenses							
Employee benefits expenses	5						
Salaries and wages (including annual leave)		-	-	1 834 884	1 792 168	1 834 884	1 792 168
Employment on-costs - superannuation		-	-	193 484	191 012	193 484	191 012
Employment on-costs - payroll tax		106 387	102 580	-	-	106 387	102 580
Long service leave		-	-	97 442	73 503	97 442	73 503
Workers Compensation		2 462	1 512	21 511	15 204	23 973	16 716
Targeted voluntary separation payments		-	-	6 559	5 751	6 559	5 751
Country incentive leave		-	-	373	457	373	457
Board and committee fees		-	-	29	26	29	26
Skills and experience retention leave		-	-	11 978	11 535	11 978	11 535
Other employee related expenses		-	-	2 481	2 535	2 481	2 535
Supplies and services	6						
Minor works, maintenance and equipment		97 333	88 544	8 351	6 537	105 684	95 081
Rentals and leases		29 304	27 886	2 404	280	31 708	28 166
Management fees and charges		17 723	13 714	3 034	4 014	20 757	17 728
Utilities		16 544	15 924	3 836	28 985	20 380	44 909
Cleaning		597	427	5 431	4 877	6 028	5 304
Printing, postage and consumables		25	40	5 627	5 428	5 652	5 468
Training and development		920	1 688	4 430	3 224	5 350	4 912
Shared Services SA charges		15 085	14 793	-	-	15 085	14 793
Vehicle and travelling expenses		9 522	8 658	24 097	25 032	33 619	33 690
Security		4 283	5 700	1 328	1 019	5 611	6 719
Insurance (including self-insurance)		6 023	5 967	-	18	6 023	5 985
Contractors and other outsourced services		4 213	4 718	23 308	20 942	27 521	25 660
Telecommunications		2 914	2 529	13 220	12 662	16 134	15 191

Department for Education and Child Development
Notes to and forming part of the financial statements

40 Transactions with SA Government – DECD (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000
Supplies and services (continued)	6						
Legal costs		1 635	2 455	1 281	576	2 916	3 031
Residential and client related costs		243	16	2 582	2 661	2 825	2 677
Computer communications		489	2 973	14 204	10 429	14 693	13 402
Copyright		-	-	4 120	4 355	4 120	4 355
Bus contractors		16	8	25 093	24 719	25 109	24 727
PPP Service Fee		-	-	5 841	5 262	5 841	5 262
Other		1 903	2 288	5 990	6 436	7 893	8 724
Grants and subsidies	7						
Recurrent grants paid to schools and units		220 828	138 037	-	-	220 828	138 037
Capital grants paid to schools and units		3 317	2 772	-	-	3 317	2 772
Recurrent grants paid to preschools		5 925	5 089	-	-	5 925	5 089
Recurrent grants paid to other organisations		2 889	2 881	239 331	196 731	242 220	199 612
Depreciation and amortisation expense	8						
Buildings and improvements		-	-	95 168	93 136	95 168	93 136
Residential accommodation housing		-	-	822	825	822	825
Computing, communication, furniture and equipment		-	-	419	407	419	407
Buses and motor vehicles		-	-	1 939	2 521	1 939	2 521
Leasehold improvements		-	-	1 664	1 230	1 664	1 230
Buildings under finance lease		-	-	3 292	3 293	3 292	3 293
Internally developed computer software		-	-	755	961	755	961
Externally provided software		-	-	27	10	27	10
Service right for equipment		-	-	948	799	948	799
Other		-	-	70	129	70	129

Department for Education and Child Development
Notes to and forming part of the financial statements

40 Transactions with SA Government – DECD (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000
Borrowing costs	9						
Finance lease costs		-	-	22 591	22 332	22 591	22 332
Other expenses	10						
Auditor's remuneration – Auditor-General's Department *		559	527	-	-	559	527
Auditor's remuneration – other		-	-	912	918	912	918
Allowance for doubtful debts and debt write-offs		-	-	61	66	61	66
Other insurance		1 068	967	2 410	1 100	3 478	2 067
Emergency Services Levy		1 341	1 272	-	-	1 341	1 272
Non-current assets written off		-	-	2 202	15 128	2 202	15 128
Donated assets		1 600	-	-	-	1 600	-
Other expenses		1 462	-	-	-	1 462	-
Total expenses		556 610	453 965	2 695 529	2 599 233	3 252 139	3 053 198
Income							
Commonwealth revenues	11	-	-	479 126	454 567	479 126	454 567
Student and other fees and charges	12						
Sales/fee for service revenue		688	759	1 447	1 943	2 135	2 702
Student enrolment fees and charges		-	-	3 419	3 434	3 419	3 434
Other user fees and charges		1 358	745	12 593	11 137	13 951	11 882
Other grants and contributions	13						
Grants and subsidies revenue		12 339	12 923	1 485	1 521	13 824	14 444
Interest revenues	14						
Interest		405	496	-	-	405	496
Other		-	-	7 401	7 401	7 401	7 401

Department for Education and Child Development
Notes to and forming part of the financial statements

40 Transactions with SA Government – DECD (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000
Net (loss)/gain from disposal of non-current and other assets	15						
Total proceeds from disposal		-	-	11 825	27 244	11 825	27 244
Total value of assets disposed		-	-	(18 237)	(19 112)	(18 237)	(19 112)
Other revenues	16						
Commission received		3 613	2 903	676	768	4 289	3 671
Assets recognised for the first time		-	-	5 808	4 900	5 808	4 900
Recoveries - other		2 697	4 667	7 291	9 084	9 988	13 751
Contributed assets		3	-	-	-	3	-
Other revenue		3 536	4 736	3 163	2 400	6 699	7 136
Revenues from / payments to SA Government	17						
Revenues from SA Government		2 682 345	2 610 414	-	-	2 682 345	2 610 414
Payments to SA Government		(60 899)	(17 172)	-	-	(60 899)	(17 172)
Total income		2 646 085	2 620 471	515 997	505 287	3 162 082	3 125 758
Net result		2 089 475	2 166 506	(2 179 532)	(2 093 946)	(90 057)	72 560
Financial assets							
Cash and cash equivalents	18						
Deposits with the Treasurer - at call		14 373	144 624	-	-	14 373	144 624
Deposits with the Treasurer - Accrual							
Appropriation Excess Funds Account		422 439	354 021	-	-	422 439	354 021
Cash at bank and on hand		-	-	672	779	672	779
Section 21 Deposit Accounts		385	381	-	-	385	381

Department for Education and Child Development
Notes to and forming part of the financial statements

40 Transactions with SA Government – DECD (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000	2016 DECD \$'000	2015 DECD \$'000
Receivables	19						
Fees, charges and other receivables		9 773	12 627	13 156	11 321	22 929	23 948
Allowance for doubtful debts		(83)	(85)	(17)	(40)	(100)	(125)
GST recoverable from the ATO		-	-	8 726	7 321	8 726	7 321
Prepayments		5 858	3	3 314	2 837	9 172	2 840
Accrued revenues		3 543	2 124	299	214	3 842	2 338
Loan receivables		5 100	5 804	15	14	5 115	5 818
Workers compensation receivable		-	-	870	851	870	851
Total financial assets		461 388	519 499	27 035	23 297	488 423	542 796
Financial liabilities							
Payables	26						
Creditors		45 049	36 516	17 789	24 802	62 838	61 318
Employment on-costs		51 236	46 971	49 855	59 428	101 091	106 399
Accrued expenses		3 733	4 783	715	7 841	4 448	12 624
Accrued Interest on PPP finance lease		-	-	10 836	9 018	10 836	9 018
Borrowings	27						
Obligations under finance leases - PPP		-	-	170 951	172 403	170 951	172 403
Advance		285	285	-	-	285	285
Other liabilities	30						
Deposits		-	-	13 527	11 788	13 527	11 788
Unearned revenue		1	15	821	332	822	347
Equipment service right		-	-	22 432	21 748	22 432	21 748
Other liabilities		-	-	920	737	920	737
Total financial liabilities		100 304	88 570	287 846	308 097	388 150	396 667

Department for Education and Child Development
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits expenses	A3	1 634	1 715
Supplies and services	A4	227	314
Transfer payments	A5	1 044 615	1 012 856
Depreciation expense	A6	-	1
Other expenses	A7	3	-
Total expenses		1 046 479	1 014 886
Income			
Revenues from SA Government	A8	244 929	241 047
Commonwealth revenue	A9	805 046	776 867
Other revenues	A10	94	209
Total income		1 050 069	1 018 123
Net result		3 590	3 237
Total comprehensive result		3 590	3 237

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	A11	31 597	28 471
Receivables	A12	234	295
Total current assets		31 831	28 766
Non-current assets			
Plant and equipment	A13	-	3
Total non-current assets		-	3
Total assets		31 831	28 769
Current Liabilities			
Payables	A14	641	1 043
Employee benefits	A15	183	217
Total current liabilities		824	1 260
Non-current liabilities			
Payables	A14	42	52
Employee benefits	A15	362	444
Total non-current liabilities		404	496
Total liabilities		1 228	1 756
Net assets		30 603	27 013
Equity			
Accumulated surplus	A16	30 603	27 013
Total equity		30 603	27 013

Total equity is attributable to the SA Government as owner

Contingent assets and liabilities

A17

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Note	Retained earnings \$'000	Total \$'000
Balance at 30 June 2014		23 776	23 776
Net result for 2014-15		3 237	3 237
Total comprehensive result for 2014-15		3 237	3 237
Balance at 30 June 2015		27 013	27 013
Net result for 2015-16		3 590	3 590
Total Comprehensive Result for 2015-16		3 590	3 590
Balance at 30 June 2016	A16	30 603	30 603

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Statement of Administered Cash Flows
for the year ended 30 June 2016

		2016	2015
		\$'000	\$'000
	Note	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(1 766)	(1 657)
Supplies and services		(306)	(230)
Transfer payments		(1 065 359)	(1 041 278)
Cash used in operations		(1 067 431)	(1 043 165)
Cash inflows			
Receipts from SA Government		244 929	241 047
Receipts from Commonwealth		805 046	776 867
GST recovered from the ATO		20 495	20 121
Other receipts		87	209
Cash generated from operations		1 070 557	1 038 244
Net cash provided by / (used in) operating activities	A19	3 126	(4 921)
Net increase / (decrease) in cash and cash equivalents		3 126	(4 921)
Cash and cash equivalents at the beginning of the period		28 471	33 392
Cash and cash equivalents at the end of the period	A11	31 597	28 471

The above statement should be read in conjunction with the accompanying notes.

Department for Education and Child Development
Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2016

	Minister's Other Payments		Minister's Salary and Allowances		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits expenses	1 317	1 425	317	290	1 634	1 715
Supplies and services	227	314	-	-	227	314
Transfer payments	1 044 615	1 012 856	-	-	1 044 615	1 012 856
Depreciation expense	-	1	-	-	-	1
Other expenses	3	-	-	-	3	-
Total expenses	1 046 162	1 014 596	317	290	1 046 479	1 014 886
Income						
Revenues from SA Government	244 616	240 757	313	290	244 929	241 047
Commonwealth revenue	805 046	776 867	-	-	805 046	776 867
Other revenue	94	209	-	-	94	209
Total income	1 049 756	1 017 833	313	290	1 050 069	1 018 123
Net result	3 594	3 237	(4)	-	3 590	3 237

Department for Education and Child Development
Schedule of Assets and Liabilities
attributable to Administered Activities
for the year ended 30 June 2016

	Minister's Other Payments		Minister's Salary and Allowances		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets						
Cash and cash equivalents	31 597	28 471	-	-	31 597	28 471
Receivables	234	295	-	-	234	295
Plant and equipment	-	3	-	-	-	3
Total assets	31 831	28 769	-	-	31 831	28 769
Liabilities						
Payables	683	1 095	-	-	683	1 095
Employee benefits	545	661	-	-	545	661
Total liabilities	1 228	1 756	-	-	1 228	1 756

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A1 Summary of significant accounting policies

All Department for Education and Child Development (the Department) accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

Reporting Entity

The Department is responsible for the administration of specific funds on behalf of the Minister for Education and Child Development. The Department does not have control over how these funds are to be spent and operates in the capacity as an agent responsible for the administration of the transfer process to third parties. The Administered Financial Statements include the income, expenses, assets and liabilities of these funds.

The main administered funds are:

- *Minister for Education and Child Development*

Funds are appropriated to the Minister for Education and Child Development and are disbursed at the discretion of the Minister. The principal payments are:

- the State Government contribution to the operation of the SACE Board of South Australia;
- the State and Commonwealth Government contributions to the operation of the Education and Early Childhood Services Registration and Standards Board of South Australia;
- payments to the Department of Planning, Transport and Infrastructure for the purposes of student travel;
- the State Government contribution to the operation of non-government schools, some non-government preschools, organisations and services to students with disabilities; and
- the Commonwealth Government contribution to the operation of non-government schools, organisations and services to students with disabilities.

- *Minister's salary and allowances*

The Minister's salary and allowances are funded by specific legislation and the Department has no control over this part of the annual appropriation.

A2 Changes in accounting policies

All Department changes in accounting policies are contained in note 3. Any changes outlined in note 3 apply to both the Department and administered financial statements.

A3 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	1 318	1 333
Long service leave	13	59
Annual leave	90	92
Skills and experience retention leave	7	13
Superannuation expense	115	120
Payroll tax expense	61	61
Workers compensation	1	4
Board and committee fees	29	33
Total employee benefits expenses	1 634	1 715

Targeted Voluntary Separation Packages

No employees were paid TVSPs during the reporting period.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

Remuneration of employees	2016	2016	2015	2015
The number of employees whose remuneration received or receivable falls within the following bands:	Number of Executives ¹	Number of Employees	Number of Executives ¹	Number of Employees
\$145 001 to \$155 000	-	1	-	-
\$155 001 to \$165 000	-	-	1	1
\$165 001 to \$175 000	1	1	-	-
Total number of executives / employees	1	2	1	1

¹ The number of executive officers disclosed in the above table includes employees appointed on a South Australian Executive Service (SAES) contract as at 30 June 2016 and 30 June 2015 respectively. The numbers of executive officers separately disclosed are also included in the number of employee totals for 2016 and 2015.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any fringe benefit tax associated with those benefits. One non-executive employee received payment in 2016 for unused leave entitlements paid on retirement increasing their total remuneration to above the base executive remuneration level.

Remuneration received or due and receivable by the above employees was \$327 000 (\$160 000) which is included in employee benefits expenses. Salary rates during 2015-16 increased by 2.5 percent for the *Education Act 1972* employees, 2.5 percent for *Public Sector Act 2009* employees effective the first pay period on or after 1 October 2015 and 2.5 percent for executives effective 1 July 2015.

Number of employees as at the reporting date

As at 30 June 2016, 12 (13) full time equivalents were employed to manage the Department's administered items.

A4 Supplies and services

	2016	2015
	\$'000	\$'000
Contractors and other outsourced services	156	232
Printing, postage and consumables	22	15
Minor equipment and maintenance	2	1
Vehicle and travelling expenses	3	6
Conference expenses	-	2
Other supplies and services	44	58
Total supplies and services	227	314

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

There were no consultancy fees incurred in the 2015-16 or 2014-15 financial years.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A5 Transfer payments

	2016	2015
	\$'000	\$'000
Non-government schools	995 845	962 070
SACE Board of South Australia	19 447	18 932
Transport concessions	12 705	16 212
Special Schools and Education	7 601	7 229
Education and Early Childhood Services Registration and Standards Board of SA	4 876	5 205
Other organisations	1 946	1 583
Multicultural grants	1 522	1 475
Government schools	515	89
Government pre-schools	158	61
Total transfer payments	1 044 615	1 012 856

A6 Depreciation

	2016	2015
	\$'000	\$'000
Computing, furniture and equipment	-	1
Total depreciation	-	1

A7 Other expenses

	2016	2015
	\$'000	\$'000
Donated asset	3	-
Total other expenses	3	-

A8 Revenues from SA Government

	2016	2015
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	244 596	240 710
Appropriations under other Acts	313	290
Transfers from contingencies	20	47
Total Revenues from SA Government	244 929	241 047

A9 Commonwealth revenues

	2016	2015
	\$'000	\$'000
Recurrent grants	805 046	776 867
Total Commonwealth revenues	805 046	776 867

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A10 Other revenues

	2016	2015
	\$'000	\$'000
Grants and subsidies revenue	-	209
Recoveries	45	-
Sundry revenue	49	-
Total other revenues	94	209

A11 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer - at call	31 597	28 471
Total cash and cash equivalents	31 597	28 471

A12 Receivables

	2016	2015
	\$'000	\$'000
Current		
GST recoverable from ATO	225	295
Accrued revenues	9	-
Total current receivables	234	295
Total receivables	234	295

A13 Plant and equipment

	2016	2015
	\$'000	\$'000
Computing, furniture and equipment		
Computing, furniture and equipment at cost	31	48
Accumulated depreciation	(31)	(45)
Total computing, furniture and equipment	-	3
Total plant and equipment	-	3

Valuation of non-current assets

Valuations of computing, furniture and equipment are based on depreciated cost (a proxy for fair value).

Fair Value

All valuations are considered to be level 3 valuations based on historical cost, useful life and condition assessments.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2016.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment

**Computer, furniture and
equipment**

	2016	2015
	\$'000	\$'000
Carrying amount at 1 July	3	4
Donated asset	(3)	-
Depreciation	-	(1)
Carrying amount at 30 June	-	3

A14 Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors	606	1 006
Employment on-costs	27	33
Accrued expenses	8	4
Total current payables	641	1 043
Non-Current		
Employment on-costs	42	52
Total non-current payables	42	52
Total payables	683	1 095

A15 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued salaries and wages	-	28
Annual leave	122	107
Long service leave	34	55
Skills and experience retention leave	27	27
Total current employee benefits	183	217
Non-current		
Long service leave	362	444
Total non-current employee benefits	362	444
Total employee benefits	545	661

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A16 Equity

	2016	2015
	\$'000	\$'000
Accumulated surplus	30 603	27 013
Total equity	30 603	27 013
Accumulated Surplus		
Balance at 1 July	27 013	23 776
Net result for the year	3 590	3 237
Balance at 30 June	30 603	27 013

A17 Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities and has made no guarantees in relation to its administered activities.

A18 Remuneration of board and committee members

Members of the boards and committees during the 2015-16 financial year were:

Ministerial Advisory Committee: Children and Students with Disability

Ms Jacqueline Ah Kit ¹ (resigned 17 August 2015)	Ms Nicole Kyrkou ¹ (resigned 31 December 2015)
Ms Susan Bailey	Ms Pamela Linke (resigned 31 December 2015)
Ms Mary Bambacas (resigned 31 December 2015)	Ms Gael Little ¹ (appointed 28 April 2016)
Dr Kerry Bissaker	Ms Cathy Leane ¹ (appointed 28 April 2016)
Ms Vivian Cagliuso (resigned 31 December 2015)	Ms Deidre Le Maistre ¹
Ms Mary Carmody (appointed 28 April 2016)	Ms Deborah McInnes ¹
Ms Elizabeth Cohen (resigned 31 December 2015)	Ms Jocelyn Neumuller (appointed 28 April 2016)
Ms Jillian Denys ¹ (resigned 31 December 2015)	Ms Rennie Strawbridge ¹ (resigned 31 December 2015)
Ms Alice Duffield	Ms Kerri Vowles (appointed 28 April 2016)
Ms Stephanie Grant (resigned 31 December 2015)	Ms Margaret Wallace
Ms Aimee Harwood (resigned 31 December 2015)	

Multicultural Education and Languages Committee

(Committee commenced on 1 July 2015)

Mr Edgar Bliss (appointed 1 January 2016)	Associate Professor Angela Scarino (appointed 1 January 2016)
Ms Susan Cameron ¹ (appointed 1 January 2016)	Mr Mohammad Shabibi (appointed 1 January 2016)
Ms Jessica Dubois (appointed 1 January 2016)	Ms Renee Singh (appointed 1 January 2016)
Ms Jacqueline Habayimana (appointed 1 January 2016)	Ms Sumeja Skaka (appointed 1 January 2016)
Mr Sean Keenihan (appointed 1 January 2016)	Ms Lia Tedesco ¹ (appointed 1 January 2016)
Ms Stephanie Kosmetos (appointed 1 January 2016)	Professor John West-Sooby (appointed 1 January 2016)
Ms Binh Nguyen ¹ (appointed 1 January 2016)	Mr Mark Williams ¹ (appointed 21 December 2015)
Mr Hiep Nguyen (appointed 1 January 2016)	
Ms Julie Presser (appointed 1 January 2016)	

The Multicultural Education Coordination Committee and the Ethnic Schools Board concluded on 30 June 2015.

¹ Government employee who did not receive any remuneration for board/committee duties during the financial year in accordance with DPC Circular 16.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A18 Remuneration of board and committee members

The number of members whose remuneration received or receivable falls within the following bands:	2016	2015
\$0	26	33
\$1 - \$9 999	10	33
\$10 000 - \$19 999	1	1
Total number of members	37	67

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, out of hours fees, retention fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$31 164 (\$34 228). This includes \$3,641 in relation to payment of late Member sitting fees that relate to 2014-15.

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.

A19 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	31 597	28 471
Balance as per the Statement of Administered Cash Flows	31 597	28 471

Reconciliation of net cash provided by / (used in) operating activities to net result:

Net cash provided by / (used in) operating activities	3 126	(4 921)
Non-cash Items		
Depreciation	-	(1)
Donated asset	(3)	-
Movements in assets and liabilities		
Increase / (decrease) in receivables	(61)	175
(Increase) / decrease in payables	412	8 037
(Increase) / decrease in employee benefits	116	(53)
Net result	3 590	3 237

A20 Financial risk management / financial instruments

A20.1 Financial risk management

Risk management is managed by the Department's corporate services section and departmental 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 Department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A20.2 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 note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

Refer Table A20.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Cash and cash equivalents; loans and receivables; and financial liabilities measured at cost.

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, A12 and A14).

A20.3 Liquidity risk

Liquidity risk arises from the possibility the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows.

The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table A20.3 represents the Department's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Department including the contractual maturity analysis for financial assets and liabilities (ie liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Table A20.3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	2016 Carrying amount / Fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
- Cash and cash equivalents	A11	31 597	31 597	-	-	-
Loans and receivables						
- Receivables ⁽¹⁾	A12	9	9	-	-	-
Total financial assets		31 606	31 606	-	-	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	A14	606	-	606	-	-
Total financial liabilities		606	-	606	-	-

Department for Education and Child Development
Notes to and forming part of the administered financial statements

Table A20.3 Categorisation and maturity analysis of financial assets and liabilities (continued)

Category of financial asset and financial liability	Note	2015 Carrying amount / Fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
- Cash and cash equivalents	A11	28 471	28 471	-	-	-
Total financial assets		28 471	28 471	-	-	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	A14	1 006	-	1 006	-	-
Total financial liabilities		1 006	-	1 006	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).

A20.4 Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Department.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. There is no evidence to indicate that financial assets are impaired.

The carrying amount of financial assets recorded in Table A20.3 represents the Department's maximum exposure to credit risk.

A20.5 Market risk

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A21 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts.

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

	Original Budget ⁽¹⁾ 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits expenses	1 920	1 634	(286)
Supplies and services	271	227	(44)
Transfer payments	1 059 387	1 044 615	(14 772)
Donated asset	-	3	3
Total expenses	1 061 578	1 046 479	(15 099)
Income			
Revenues from SA Government	244 893	244 929	36
Commonwealth revenue	816 692	805 046	(11 646)
Other revenues	-	94	94
Total income	1 061 585	1 050 069	(11 516)
Net result	7	3 590	3 583
Total comprehensive result	7	3 590	3 583

- ⁽¹⁾ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4, Vol 2). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

No variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

A22 Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A23 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature:

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits expenses	A3						
Salaries and wages		-	-	1 318	1 333	1 318	1 333
Annual leave		-	-	90	92	90	92
Long service leave		-	-	13	59	13	59
Skills and experience retention leave		-	-	7	13	7	13
Superannuation expense		-	-	115	120	115	120
Payroll tax expense		61	61	-	-	61	61
Workers compensation		1	4	-	-	1	4
Board and committee fees		-	-	29	33	29	33
Supplies and services	A4						
Contractors and other outsourced services		-	1	156	231	156	232
Printing, postage and consumables		-	-	22	15	22	15
Minor equipment and maintenance		-	-	2	1	2	1
Vehicle and travelling expenses		1	1	2	5	3	6
Conference expenses		-	-	-	2	-	2
Other supplies and services		-	19	44	39	44	58

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A23 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Transfer payments	A5						
SACE Board of South Australia		19 447	18 932	-	-	19 447	18 932
Transport concessions		12 705	16 212	-	-	12 705	16 212
Special Schools and Education		2 950	2 956	4 651	4 273	7 601	7 229
Education and Early Childhood Services Registration and Standards Board of SA		4 876	5 205	-	-	4 876	5 205
Government schools		515	89	-	-	515	89
Government pre-schools		158	61	-	-	158	61
Non-government schools		-	-	995 845	962 070	995 845	962 070
Multicultural grants		-	3	1 522	1 472	1 522	1 475
Other organisations		220	52	1 726	1 531	1 946	1 583
Depreciation	A6						
Computing, furniture and equipment		-	-	-	1	-	1
Other expenses	A7						
Donated asset		3	-	-	-	3	-
Total Expenses		40 937	43 596	1 005 542	971 290	1 046 479	1 014 886
Income							
Revenues from SA Government	A8						
Appropriations from Consolidated Account pursuant to the Appropriation Act		244 596	240 710	-	-	244 596	240 710
Appropriations under other Acts		313	290	-	-	313	290
Transfers from contingencies		20	47	-	-	20	47
Commonwealth revenues	A9						
Recurrent grants		-	-	805 046	776 867	805 046	776 867

Department for Education and Child Development
Notes to and forming part of the administered financial statements

A23 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Other revenues	A10						
Grants and subsidies revenue		-	209	-	-	-	209
Recoveries		-	-	45	-	45	-
Sundry revenue		-	-	49	-	49	-
Total Income		244 929	241 256	805 140	776 867	1 050 069	1 018 123
Net Result		203 992	197 660	(200 402)	(194 423)	3 590	3 237
Financial Assets							
Cash and cash equivalents	A11						
Deposits with the Treasurer - at call		31 597	28 471	-	-	31 597	28 471
Receivables	A12						
GST recoverable from ATO		-	-	225	295	225	295
Accrued revenues		-	-	9	-	9	-
Total Financial Assets		31 597	28 471	234	295	31 831	28 766
Financial Liabilities							
Payables	A14						
Creditors		342	293	264	713	606	1 006
Employment on-costs		69	85	-	-	69	85
Accrued expenses		8	4	-	-	8	4
Total Financial Liabilities		419	382	264	713	683	1 095

Certification of the Financial Report

We certify that the attached General Purpose Financial Statements for the Department for Education and Child Development:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- present a true and fair view of the financial position of the Department as at 30 June 2016 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department for Education and Child Development for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Rick Persse
CHIEF EXECUTIVE

16/9/2016



Chris Bernardi
CHIEF FINANCIAL OFFICER

16/9/2016



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive
Department for Education and Child Development

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department for Education and Child Development for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2016
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

The Chief Executive's responsibility for the financial report

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

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

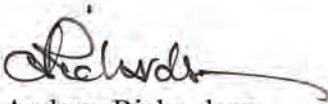
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Department for Education and Child Development's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Education and Child Development as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
22 September 2016

Environment Protection Authority

Financial report
for the year ended
30 June 2016

Environment Protection Authority
Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits expenses	5	23,938	22,506
Supplies and services	6	8,479	8,658
Depreciation and amortisation	7	1,084	878
Grants and subsidies	8	22,678	20,834
Other expenses	9	139	339
Total expenses		56,318	53,215
Income			
Revenues from fees and charges	11	60,258	57,414
Grants and contributions	12	1,511	1,693
Interest revenues	13	126	153
Net gain/(loss) from the disposal of non-current assets	14	(6)	-
Other income	15	30	33
Total income		61,919	59,293
Net cost/(benefit) of providing service		(5,601)	(6,078)
Payments to SA Government			
Payments to SA Government	16	6,275	7,331
Total payments to SA Government		6,275	7,331
Net result		(674)	(1,253)
Total comprehensive result		(674)	(1,253)

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Environment Protection Authority
Statement of Financial Position
As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	17	15,576	15,776
Receivables	18	8,130	7,667
Total current assets		23,706	23,443
Non-current assets			
Receivables	18	2	1
Property, plant and equipment	19	4,304	6,714
Intangible assets	20	2,430	541
Total non-current assets		6,736	7,256
Total assets		30,442	30,699
Current liabilities			
Payables	22	1,096	1,591
Employee benefits	23	2,331	2,401
Provisions	24	56	11
Other liabilities	25	78	244
Total current liabilities		3,561	4,247
Non-current liabilities			
Payables	22	567	450
Employee benefits	23	5,619	4,642
Provisions	24	105	29
Other liabilities	25	444	511
Total non-current liabilities		6,735	5,632
Total liabilities		10,296	9,879
Net assets		20,146	20,820
Equity			
Asset revaluation surplus		932	932
Retained earnings		19,214	19,888
Total equity		20,146	20,820
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	26		
Contingent assets and liabilities	27		

The above statement should be read in conjunction with the accompanying notes

Environment Protection Authority
Statement of Changes in Equity
For the year ended 30 June 2016

	Asset Revaluation Surplus	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Balance at 30 June 2014	932	21,141	22,073
Net result for 2014-15	-	(1,253)	(1,253)
Total comprehensive result for 2014-15	-	(1,253)	(1,253)
Balance at 30 June 2015	932	19,888	20,820
Net result for 2015-16	-	(674)	(674)
Total comprehensive result for 2015-16	-	(674)	(674)
Balance at 30 June 2016	932	19,214	20,146

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Environment Protection Authority
Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows:			
Employee benefit payments		(22,788)	(21,928)
Payments for supplies and services		(9,191)	(8,228)
Payment of grants and subsidies		(22,678)	(20,834)
Other payments		(114)	(130)
Cash used in operations		<u>(54,771)</u>	<u>(51,120)</u>
Cash inflows:			
Fees and charges		59,748	56,335
Receipts from grants and contributions		1,511	1,693
Interest received		127	155
Other receipts		30	33
Cash generated from operations		<u>61,415</u>	<u>58,216</u>
Cash flows from SA Government			
Payments to SA Government		(6,275)	(7,331)
Cash paid to SA Government		<u>(6,275)</u>	<u>(7,331)</u>
Net cash provided by/(used in) operating activities	29	<u>369</u>	<u>(235)</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(569)	(462)
Cash used in investing activities		<u>(569)</u>	<u>(462)</u>
Net cash provided by/(used in) investing activities		<u>(569)</u>	<u>(462)</u>
Net decrease in cash and cash equivalents		(200)	(697)
Cash and cash equivalents at the beginning of the period		15,776	16,473
Cash and cash equivalents at the end of the period	17	<u>15,576</u>	<u>15,776</u>

The above statement should be read in conjunction with the accompanying notes

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

1 Objectives of the Environment Protection Authority (the Authority)

(a) Reporting Entity

The Authority comprises the following:

- the Environment Protection Authority – a statutory authority with an appointed board established by the *Environment Protection Act 1993*
- an administrative unit also named the Environment Protection Authority established under the PSA
- the Environment Protection Fund (the Fund) established under the *Environment Protection Act 1993*.

Under the *Environment Protection Act 1993*, the Chief Executive of the administrative unit is also taken to be the Chief Executive of the statutory authority. The Chief Executive is subject to the control and direction of the Minister in relation to the activities of the administrative unit, and is subject to the control and direction of the Board in relation to giving effect to its policies and decisions under the *Environment Protection Act 1993*.

The statutory authority is South Australia's primary environmental regulator for the protection, restoration and enhancement of our environment. The statutory authority makes use of the services of the administrative unit's employees and facilities in performing its statutory obligations.

The administrative unit also has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*. The Authority's financial statements include assets, liabilities, revenues and expenses attributable to Radiation Protection. The income and expenses (excluding overheads) attributable to radiation protection are disclosed in Note 35. However assets and liabilities have not been separately disclosed as they cannot be reliably attributed to radiation protection functions.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Authority and the Fund, in accordance with AASB 10 *Consolidated Financial Statements*.

In forming the view that the Fund is controlled, the Authority considered its involvement with the entity and determined that its substantive rights give the Authority the current ability to direct the major relevant activities of the entity and the Authority is exposed or has rights to variable returns from its involvement as the entity contributes to furtherance of the Authority's objective.

Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full.

(b) Strategic Context

The Authority promotes the principles of ecologically sustainable development and works with government, industry and the people of South Australia, with key roles to:

- review, develop and draft environmental protection policies and national environment protection measures
- authorise activities of environmental significance through an authorisation system aimed at the control and minimisation of pollution and waste
- conduct compliance investigations and institute environmental monitoring and evaluation programmes
- provide advice and assistance regarding best environmental management practice.

The Authority has a key advocacy and engagement role across government and with the people of South Australia, business and communities throughout South Australia, to achieve a healthy and valued environment.

(c) Financial Arrangements

The Department of Environment, Water and Natural Resources (DEWNR) provides some professional, technical and administrative support to the Authority. The identifiable direct costs of providing these services are met by the Authority.

A memorandum of understanding was signed on 13 March 2013 between DEWNR and the Authority relating to the provision of these services.

The Authority's sources of funds consist of income derived primarily from fees, levies and licences. These fees, levies and licences include:

- waste levies from landfill depots
- environmental authorisation fees
- radiation licence fees
- fines and penalties
- section 7 enquiries.

The financial activities of the Authority are primarily conducted through deposit accounts with the Department of Treasury and Finance (DTF) pursuant to Section 8 and Section 21 of the *Public Finance and Audit Act 1987 (PFAA)*. The deposit accounts are used for funds provided by Parliamentary appropriation together with revenues from services provided and from fees and charges.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

2 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and accounting policy statements promulgated under the provisions of the PFAA.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

Except for AASB 2015-7 which the Authority has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ending 30 June 2016 (refer to note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with accounting policy statements issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee targeted voluntary separation package information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Authority has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

(f) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Shared Services SA prepares a Business Activity Statement on behalf of the Authority under the grouping provisions of the GST legislation. Under these provisions, DEWNR is liable for the payments and entitled to the receipts associated with GST. Therefore, the Authority's net GST receivable/payable is recorded in DEWNR's Statement of Financial Position. GST cash flows applicable to the Authority are recorded in DEWNR's Statement of Cash Flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

(g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Authority will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Income

The following are specific recognition criteria:

Fees and Charges

Environmental Authorisation Fees received under the *Environment Protection Act 1993* are recognised as revenue when invoiced. All other license fees, including those received under the *Radiation Protection and Control Act 1982*, are recognised as revenue upon receipt.

Waste Levies are recognised by the Authority on an accrual basis.

Contributions received

Contributions are recognised as an asset and income when the Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, the Authority has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

Gain/ (loss) from disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains/Losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Other income

Other income consists of sundry expense reimbursements.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Expenses

The following are specific recognition criteria:

Employee benefits

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land assets are not depreciated.

Depreciation/Amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

<u>Class of Asset</u>	<u>Useful Life</u>
Computing equipment	3-10 years
Intangible Assets	3-17 years
Infrastructure	15-50 years
Plant and equipment	5-15 years
Vehicles	10-25 years
Furniture and fittings	5-15 years
Buildings and improvements	30-50 years
Other	7-10 years

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when the Authority has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid by the Authority have been contributions with unconditional stipulations attached.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and paid directly to the Consolidated Account.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(j) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Receivables

Receivables include amounts receivable from fees and charges, interest, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are generally due within 30 days after the issue of an invoice.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. Bad debts are written off when identified.

Non-Current Assets

Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value over \$10,000 are capitalised.

Revaluation of Non Current Assets

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

At least every five years, the Authority revalues its land, buildings and infrastructure via (an independent) Certified Practising Valuer.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective revaluation surplus.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Authority 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.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

- ◊ 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 valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit Committee at each reporting date.

Non-financial assets

In determining fair value, the Authority has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible within the next five years. As the Authority 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 note 19 and 21 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The Authority does not recognise any financial assets or financial liabilities at fair value.

(k) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines accounts expected to be settled within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be settled after more than 12 months.

Payables

Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Authority.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

The Authority 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Authority has entered into operating leases.

Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Lease Incentive

All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by the Authority in respect of operating leases has been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Employee benefits

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

Salaries and wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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 of sick leave.

LSL

The liability for LSL 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.

The estimated liability for LSL is based on actuarial assumptions over 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.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on previous experience including expected terminations and known applications for leave.

Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

(I) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating lease and expenditure commitments arising from contractual or statutory sources and are disclosed at their nominal value.

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

The Authority has in place financial provisions which are required to cover environmental liabilities that may occur during the operating life of a licenced facility, or that may arise from or following the closure of a licensed facility. No value is assigned to these provisions for financial statement purposes as they will only be called upon in the event that the licensee fails to fulfill their obligations.

3 New and revised accounting standards and policies

The Authority did not voluntarily change any of its accounting policies during 2015-16.

Except for AASB 2015-7 which the Authority has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2016.

AASB 16 Leases will apply for the first time in the Authority's 30 June 2020 financial report. This standard will require the Authority to recognise all leased items in the Statement of Financial Position as assets to represent the value of what the Authority lease, and liabilities to represent expected future lease payments. This could see significant assets and liabilities being recognised and, over the lease term, amortised.

The Authority has assessed the impact of other new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

4 Activities of the Authority

The Authority, in 2015-16 was funded by fees and charges for the provision of environment protection, policy and regulatory services. In line with the objectives of establishing the Authority to focus on environment protection activities, the Authority conducts its services through a single program, Environment and Radiation Protection. The purpose of this program is to achieve a better environment for the wellbeing and prosperity of South Australians. As the Authority conducts its services through a single program, a Statement of Disaggregated Disclosures has not been prepared.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

5 Employee benefits expenses

	2016 \$'000	2015 \$'000
Salaries and wages	17,219	16,662
TVSPs	100	-
LSL	1,157	1,018
Annual leave	1,664	1,565
SERL	96	85
Employment on-costs - superannuation	2,105	2,007
Employment on-costs - other	1,105	1,064
Board and committee fees	167	161
Workers compensation	275	(136)
Other employee related expenses	50	80
Total: Employee benefits expenses	23,938	22,506

TVSPs

	2016 \$'000	2015 \$'000
Amount paid during the reporting period to separated employees:		
TVSPs	100	-
Annual leave, LSL, SERL paid to those employees	45	-
Total	145	-
Recovery from the Department of Treasury and Finance	-	-
Net cost to Environment Protection Authority	145	-

The number of employees who received a TVSP during the reporting period was

1 -

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2016 No. of employees	2015 No. of employees
\$145,001 – 155,000	1	-
\$155,001 – 165,000	-	1
\$165,001 – 175,000	1	1
\$175,001 – 185,000	-	1
\$185,001 – 195,000	1	1
\$195,001 – 205,000	1	1
\$205,001 – 215,000	-	1
\$215,001 – 225,000	2	-
\$305,001 – 315,000	1	1
Total	7	7

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.447million (\$1.431m).

6 Supplies and services

	2016 \$'000	2015 \$'000
Accommodation and property management expenses	2,434	2,391
Consultants	6	10
Contractors	151	250
Fee for service	1,944	1,909
General administration	1,184	1,199
information technology & communication expenses	441	427
Minor works, maintenance & equipment	330	214
Monitoring fees	147	177
Scientific and technical services	603	785
Staff development	294	350
Transportation	151	151
Travel and accommodation	248	214
Vehicle and aircraft	300	314
Other	246	267
Total: Supplies and services	8,479	8,658

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Consultants

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

	2016		2015	
	Number	\$'000	Number	\$'000
Below \$10,000	1	6	1	10
Total paid/payable to the consultants engaged		6		10

7 Depreciation and amortisation

	2016 \$'000	2015 \$'000
Depreciation		
Buildings and Improvements	1	1
Computing Equipment	28	32
Furniture and Fittings	457	457
Vehicles	8	8
Infrastructure	23	22
Plant and Equipment	212	182
Total Depreciation	729	702
Amortisation		
Intangible Assets	355	176
Total Amortisation	355	176
Total: Depreciation and Amortisation	1,084	878

8 Grants and subsidies

	2016 \$'000	2015 \$'000
Grants and subsidies		
Adelaide and Mt Lofty Ranges NRM	-	15
Community organisations and associations	241	237
Conservation Council SA	11	-
Department of Environment, Water and Natural Resources	97	114
Department of Premier and Cabinet	35	6
Local Government	118	255
Zero Waste SA * ^	22,176	20,207
Total: Grants and subsidies	22,678	20,834

* As per section 113 of the Environment Protection Act 1993 the Authority earns and collects 100 percent of waste levies; however is then required to transfer 50 percent of solid waste levies collected to Zero Waste SA as per section 17 of the Zero Waste SA Act 2004. This transfer represents the payment of waste levies monies to Zero Waste SA in accordance with the Zero Waste SA Act 2004.

^ As from 1 July 2015 the title of Zero Waste SA has been altered to Green Industries SA.

9 Other expenses

	2016 \$'000	2015 \$'000
Bad and doubtful debts	25	211
Other (including audit fees - see note 10)	114	128
Total: Other expenses	139	339

10 Auditor's remuneration

	2016 \$'000	2015 \$'000
Audit fees paid/payable to the Auditor-General's Department	109	115
Total: Audit fees	109	115

Other services:

No other services were provided by the Auditor-General's Department

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'other expense – other' (refer note 9).

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

11 Revenues from fees and charges

	2016 \$'000	2015 \$'000
Fines and Penalties	264	316
Environmental Authorisation Fees	10,852	10,884
Radiation Licence Fees	3,265	3,147
Other Licence Fees	687	747
Waste Levies	45,117	42,253
Other fees and charges	73	67
Total: Fees and charges	60,258	57,414

12 Grants and contributions

	2016 \$'000	2015 \$'000
SA Government Grants	830	846
Commonwealth Government	564	547
Private Industry and Community Grants	117	300
Total: Grants and contributions	1,511	1,693

(i) State Government Grants and Contributions

	2016 \$'000	2015 \$'000
Department of Environment, Water and Natural Resources (DEWNR)	559	581
Department of State Development	271	222
Primary Industries and Regions SA	-	43
	830	846

(ii) Commonwealth Government

	2016 \$'000	2015 \$'000
Department of Industry	25	25
Department of the Environment	524	515
Department of the Prime Minister and Cabinet	-	7
Murray Darling Basin Authority	15	-
	564	547

(iii) Private Industry and Community Grants

	2016 \$'000	2015 \$'000
EPA NSW	41	-
EPA Victoria	32	229
EPA Other	48	-
Other	(4)	71
	117	300

Contributions with conditions of expenditure

Contributions which have conditions of expenditure still to be met as at reporting date were \$7.433 million (\$7.106m).

The Authority is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Authority on the premise that these funds are expended in a manner consistent with the terms of the agreement. At reporting date these contributions relate to:

	2016 \$'000	2015 \$'000
Environment Protection Fund	7,008	6,947
AELERT	108	100
National Pollutant Inventory	10	30
Externally Funded Projects	53	29
Internally Funded Projects	254	-
	7,433	7,106

The Environment Protection Fund is established under section 24 of the *Environment Protection Act 1993*. The Fund must be kept as directed by the Treasurer. Prescribed percentages of waste levies and licence fees are paid into the Fund under section 8 of the *Environment Protection Regulations 2009*. The Fund may be applied by the Minister or by the Authority with the approval of the Minister.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

13 Interest revenues

	2016 \$'000	2015 \$'000
Interest from entities within the SA Government	126	153
Total: Interest revenues	126	153

14 Net gain/(loss) from the disposal of non-current assets

	2016 \$'000	2015 \$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	(6)	-
Net gain/(loss) from disposal	(6)	-
Total: Assets		
Total proceeds from disposal	-	-
Less: Total value of assets disposed	(6)	-
Total: Net gain/(loss) from disposal of assets	(6)	-

15 Other income

	2016 \$'000	2015 \$'000
Other income received/receivable		
Other sundry revenue	30	33
	30	33
Total: Other income	30	33

16 Payments to SA Government

	2016 \$'000	2015 \$'000
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	6,275	7,331
Total payments to SA Government	6,275	7,331

There were no revenues from Government received for the year ended 30 June 2016.

17 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	8,563	8,824
Environment Protection Fund Deposit Account	7,008	6,947
Cash on hand/Imprest accounts	5	5
Total: Cash and Cash Equivalents	15,576	15,776

Interest rate risk

Deposits with the Treasurer and cash on hand is non-interest bearing. The Environment Protection Fund Deposit Account earns a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

18 Receivables

	2016 \$'000	2015 \$'000
Current:		
Receivables	8,085	7,610
Less: Allowance for doubtful debts	(51)	(61)
	<u>8,034</u>	<u>7,549</u>
Prepayments	84	106
Accrued revenues	11	12
Workers compensation recoveries	1	-
Total: current receivables	<u>8,130</u>	<u>7,667</u>
Non-Current:		
Workers compensation recoveries	2	1
Total: non-current receivables	<u>2</u>	<u>1</u>

Movement in allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

	2016 \$'000	2015 \$'000
Carrying amount at the beginning of the period	61	2,709
Increase in the allowance	25	211
Amounts written off	(35)	(2,857)
Amounts recovered during the year	-	(2)
Carrying amount at the end of the period	<u>51</u>	<u>61</u>

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

(a) **Categorisation and maturity analysis of financial instruments** - refer note 32

(b) **Ageing analysis of financial assets** - refer note 32

(c) **Risk exposure information** - refer note 32

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

19 Property, plant and equipment	2016	2015
	\$'000	\$'000
Land		
Independent valuation	278	278
Total: Land	278	278
Buildings and improvements		
Independent valuation	40	40
Less: Accumulated depreciation	(25)	(24)
Total: Buildings and improvements	15	16
Infrastructure		
Independent valuation	551	522
Less: Accumulated depreciation	(194)	(172)
Total: Infrastructure	357	350
Capital works in progress		
Capital works in progress	177	2,154
Total: Capital works in progress	177	2,154
Vehicles		
At cost (deemed fair value)	171	171
Less: Accumulated depreciation	(108)	(100)
Total: Vehicles	63	71
Computing equipment		
At cost (deemed fair value)	208	208
Less: Accumulated depreciation	(162)	(134)
Total: Computing equipment	46	74
Furniture and fittings		
Independent valuation	5,903	5,903
Less: Accumulated depreciation	(3,447)	(2,990)
Total: Furniture and fittings	2,456	2,913
Plant and equipment		
At cost (deemed fair value)	4,324	4,088
Less: Accumulated depreciation	(3,412)	(3,230)
Total: Plant and equipment	912	858
Other		
At cost (deemed fair value)	19	19
Less: Accumulated depreciation	(19)	(19)
Total: Other	-	-
Total: Property, plant and equipment	4,304	6,714

Valuation of land

An independent valuation of land was performed in October and November 2013 by a Certified Practising Valuer from Valcorp Australia Pty Ltd, as at 1 July 2013.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land in the area and includes factors specific to the land being valued such as size, location and current use.

Valuation of buildings and improvements, infrastructure and furniture and fittings

The valuation of buildings and improvements, infrastructure and furniture and fittings was performed in October and November 2013 by a Certified Practising Valuer from Valcorp Australia Pty Ltd, as at 1 July 2013.

As there is no active market for these, the valuer used the cost approach (i.e. depreciated replacement cost) taking into account the assets characteristics and restrictions. The valuation was based on a combination of internal records, specialised knowledge and market information about materials.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Carrying amount of other items, vehicles, computing equipment and plant and equipment

All items of vehicles, computing equipment and plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimate useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value except for management assumptions about the asset condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2016.

Asset Movement Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment and intangible assets is displayed in the following table.

Asset Movement Reconciliation 2015-2016

	Land \$'000	Buildings and Improvements \$'000	Infrastructure \$'000	Vehicles \$'000	Computing Equipment \$'000	Furniture and Fittings \$'000
Carrying amount at beginning of the period	278	16	350	71	74	2,913
Additions	-	-	30	-	-	-
Additions - Transfers to/(from) CWIP	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Subtotal	278	16	380	71	74	2,913
Gains/(losses) for the period recognised in net result:						
Depreciation / Amortisation expense	-	(1)	(23)	(8)	(28)	(457)
Subtotal	-	(1)	(23)	(8)	(28)	(457)
Carrying amount at end of the period	278	15	357	63	46	2,456
		Plant & Equipment \$'000	Capital Works in Progress \$'000	Tangible Assets Total \$'000	Intangible Assets \$'000	2016 Total \$'000
Carrying amount at beginning of the period		858	2,154	6,714	541	7,255
Additions		272	195	497	72	569
Additions - Transfers to/(from) CWIP		-	(2,172)	(2,172)	2,172	-
Disposals		(6)	-	(6)	-	(6)
Subtotal		1,124	177	5,033	2,785	7,818
Gains/(losses) for the period recognised in net result:						
Depreciation / Amortisation expense		(212)	-	(729)	(355)	(1,084)
Subtotal		(212)	-	(729)	(355)	(1,084)
Carrying amount at end of the period		912	177	4,304	2,430	6,734

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Asset Movement Reconciliation 2014-2015

	Land \$'000	Buildings and Improvements \$'000	Infrastructure \$'000	Vehicles \$'000	Computing Equipment \$'000	Furniture and Fittings \$'000
Carrying amount at beginning of the period	278	17	372	79	106	3,370
Additions	-	-	-	-	-	-
Additions - Transfers to/(from) CWIP	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Subtotal	278	17	372	79	106	3,370
Gains/(losses) for the period recognised in net result:						
Depreciation / Amortisation expense	-	(1)	(22)	(8)	(32)	(457)
Subtotal	-	(1)	(22)	(8)	(32)	(457)
Carrying amount at end of the period	278	16	350	71	74	2,913

	Plant & Equipment \$'000	Capital Works in Progress \$'000	Tangible Assets Total \$'000	Intangible Assets \$'000	2015 Total \$'000
Carrying amount at beginning of the period	670	2,160	7,052	619	7,671
Additions	135	327	462	-	462
Additions - Transfers to/(from) CWIP	235	(333)	(98)	98	-
Disposals	-	-	-	-	-
Subtotal	1,040	2,154	7,416	717	8,133
Gains/(losses) for the period recognised in net result:					
Depreciation / Amortisation expense	(182)	-	(702)	(176)	(878)
Subtotal	(182)	-	(702)	(176)	(878)
Carrying amount at end of the period	858	2,154	6,714	541	7,255

20 Intangible assets

	2016 \$'000	2015 \$'000
Internally developed intangible assets		
At cost (deemed fair value)	98	98
Less: Accumulated amortisation	(10)	(2)
Total: Internally developed intangible assets	88	96
Electronic Environment Licensing Forms (E-ELF)		
At cost (deemed fair value)	167	167
Less: Accumulated amortisation	(167)	(167)
Total: Electronic Environment Licensing Forms (E-ELF)	-	-
Integrated Information System (IIS)		
At cost (deemed fair value)	474	474
Less: Accumulated amortisation	(474)	(474)
Total: Integrated Information System (IIS)	-	-
General Environment Information System (GENI)		
At cost (deemed fair value)	1,948	1,789
Less: Accumulated amortisation	(1,587)	(1,481)
Total: General Environment Information System (GENI)	361	308

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Complaints and Reports of Environmental Significance System (CARES)		
At cost (deemed fair value)	308	281
Less: Accumulated amortisation	(279)	(260)
Total: Complaints and Reports of Environmental Significance System (CARES)	29	21
Licensing Administration Management Program (LAMP)		
At cost (deemed fair value)	1,486	-
Less: Accumulated amortisation	(149)	-
Total: Licensing Administration Management Program (LAMP)	1,337	-
Environment Licensing Forms (ELF)		
At cost (deemed fair value)	454	-
Less: Accumulated amortisation	(45)	-
Total: Environment Licensing Forms (ELF)	409	-
EMP Masterpiece Interface (EMP)		
At cost (deemed fair value)	45	-
Less: Accumulated amortisation	(4)	-
Total: EMP Masterpiece Interface (EMP)	41	-
Other		
At cost (deemed fair value)	498	425
Less: Accumulated amortisation	(333)	(309)
Total: Other	165	116
Total: Intangible Assets	2,430	541

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

21 Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements as at 30 June 2016	Level 3 \$'000
Recurring fair value measurements	
Land (note 19)	278
Buildings and Improvements (note 19)	15
Infrastructure (note 19)	357
Vehicles (note 19)	63
Computer equipment (note 19)	46
Furniture and fittings (note 19)	2,456
Plant and equipment (note 19)	912
Total: recurring fair value measurements	4,127
Fair value measurements as at 30 June 2015	Level 3 \$'000
Recurring fair value measurements	
Land (note 19)	278
Buildings and Improvement (note 19)	16
Infrastructure (note 19)	350
Vehicles (note 19)	71
Computer equipment (note 19)	74
Furniture and fittings (note 19)	2,913
Plant and equipment (note 19)	858
Total: recurring fair value measurements	4,560

During 2016 and 2015, the Authority had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

22 Payables

	2016 \$'000	2015 \$'000
Current:		
Creditors	464	965
Accrued Expenses	176	169
Employment on-costs	456	450
Paid Parental Leave Scheme payable	-	7
Total: current payables	1,096	1,591
Non-Current:		
Employment on-costs	567	450
Total: non-current payables	567	450

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40%. This rate is used in the employment oncost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Categorisation of financial instruments and maturity analysis of payables - refer note 32

(b) Risk exposure information - refer note 32

23 Employee benefits

	2016 \$'000	2015 \$'000
Current:		
Annual Leave	1,552	1,573
Long Service Leave	380	573
Accrued Salaries and Wages	276	142
Skills and experience retention leave	123	113
Total: Current Employee benefits	2,331	2,401
Non-Current:		
Long Service Leave	5,619	4,642
Total: Non-Current Employee benefits	5,619	4,642

AASB 119 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.

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 decreased from 2015 (3%) to 2016 (2%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is \$0.394m. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

24 Provisions

	2016 \$'000	2015 \$'000
Current:		
Provision for Workers Compensation	56	11
Total: Current Provisions	<u>56</u>	<u>11</u>
Non-Current:		
Provision for Workers Compensation	105	29
Total: Non-Current Provisions	<u>105</u>	<u>29</u>
 Carrying amount at the beginning of the period	 40	 195
Additional provisions recognised	121	(155)
Carrying amount at the end of the period	<u>161</u>	<u>40</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of Premier and Cabinet). These claims are expected to be settled within the next financial year.

25 Other liabilities

	2016 \$'000	2015 \$'000
Current:		
Lease incentive	67	67
Other	11	177
Total: Current other liabilities	<u>78</u>	<u>244</u>
Non-Current:		
Lease incentive	444	511
Total: Non-current other liabilities	<u>444</u>	<u>511</u>

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

26 Unrecognised contractual commitments

	2016 \$'000	2015 \$'000
Expenditure commitments- other:		
Commitments in relation to other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	17	178
Total: Other commitments	<u>17</u>	<u>178</u>

The Authority's other commitments relate to the purchase of goods and services for the Licensing Administration Modernisation Project.

	2016 \$'000	2015 \$'000
Operating lease commitments:		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2,473	2,394
Later than one year but not later than five years	10,502	10,240
Later than five years	8,718	10,309
Total: Operating lease commitments	<u>21,693</u>	<u>22,943</u>
 Representing:		
Non-cancellable operating leases	21,693	22,943
Total: Operating lease commitments	<u>21,693</u>	<u>22,943</u>

The operating leases held by the Authority are mainly property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and the Authority has the right of renewal. There are no existing or contingent rental provisions.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

27 Contingent assets and liabilities

The Authority is not aware of the existence of any contingent assets or contingent liabilities as at 30 June 2016.

28 Remuneration of Board and Committee Members

Members during the 2016 financial year were:

Board of the Environment Protection Authority (EPA)

Ms Linda Bowes
 Ms Roslyn DeGaris
 Mr Robert Fowler
 Mr Allan Holmes
 Dr Helen Macdonald
 Ms Christine Trenorden (appointed 10 March 2016)
 Mr Mark Withers
 Ms Mia Handshin (resigned 9 March 2016)
 Mr Tony Circelli*

Radiation Protection Committee

A/Prof Eva Bezak
 Dr Pamela Sykes
 Ms Cara Miller
 Mr Nigel Spooner
 Mr Graeme Palmer (appointed 27 November 2015)
 Ms Sarah Constantine*
 Mr Ian Kirkwood*
 Mr Greg Marshall*
 Ms Iris O'Rourke
 Mr Tony Circelli*
 Ms Jessica Burckhardt (resigned 26 November 2015)
 Ms Melissa Holzberger (resigned 26 November 2015)

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

	2016 No. of members	2015 No. of members
Nil	9	6
\$1 - \$9,999	4	7
\$20,000 - \$29,999	7	5
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	-	1
Total number of Board and Committee members	20	19

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, super contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.198m (\$0.181m).

* 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 and the Authority are on conditions no more favourable than those it is reasonable to expect the Authority would have adopted if dealing with the related party at arm's length in the same circumstances.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

29 Cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	15,576	15,776
Cash and cash equivalents disclosed in the Statement of Cash Flows	15,576	15,776
 Reconciliation of net cash provided by / (used in) operating activities to net benefit / (cost) of providing services		
Net cash provided by / (used in) operating activities	369	(235)
Add payments to SA Government	6,275	7,331
Add/less non cash items:		
Depreciation and amortisation expense	(1,084)	(878)
Net gain/(loss) on disposal of assets	(6)	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	464	881
Decrease/(increase) in payables	378	(468)
Decrease/(increase) in employee benefits	(907)	(668)
Decrease/(increase) in provisions	(121)	155
Decrease/(increase) in other liabilities	233	(40)
Net benefit/(cost) of providing services	<u>5,601</u>	<u>6,078</u>

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

30 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
5 Employee benefits expenses	1,111	1,070	22,827	21,436	23,938	22,506
6 Supplies and services						
Accommodation and property management	2,358	2,310	76	81	2,434	2,391
Consultants	-	-	6	10	6	10
Contractors	-	-	151	250	151	250
Fee for service	238	188	1,706	1,721	1,944	1,909
General administration	851	815	333	384	1,184	1,199
Information technology & communication	151	137	290	290	441	427
Minor works, maintenance & equipment	-	-	330	214	330	214
Monitoring fees	-	-	147	177	147	177
Scientific and technical services	81	(29)	522	814	603	785
Staff development	-	-	294	350	294	350
Transportation	-	-	151	151	151	151
Travel and accommodation	-	-	248	214	248	214
Vehicle and aircraft	260	278	40	36	300	314
Other	-	-	246	267	246	267
7 Depreciation and amortisation	-	-	1,084	878	1,084	878
8 Grants and subsidies	22,318	20,342	360	492	22,678	20,834
9 Other expenses						
Bad and doubtful debts	-	-	25	211	25	211
Other (excluding audit fees)	-	9	5	4	5	13
10 Auditor's remuneration	109	115	-	-	109	115
16 Payments to SA Government	6,275	7,331	-	-	6,275	7,331
Total Expenses	33,752	32,566	28,841	27,980	62,593	60,546
Income						
11 Revenues from fees and charges						
Fines and Penalties	10	7	254	309	264	316
Environmental Authorisation Fees	2,188	1,919	8,664	8,965	10,852	10,884
Radiation Licence Fees	361	369	2,904	2,778	3,265	3,147
Other Licence Fees	3	8	684	739	687	747
Waste Levies	-	-	45,117	42,253	45,117	42,253
Other fees and charges	-	-	73	67	73	67
12 Grants and contributions	830	846	681	847	1,511	1,693
13 Interest revenues	126	153	-	-	126	153
15 Other income						
Other sundry revenue	13	16	17	17	30	33
Total Income	3,531	3,318	58,394	55,975	61,925	59,293
Financial Assets						
18 Receivables						
Receivables	3	49	8,031	7,500	8,034	7,549
Prepayments	-	-	84	106	84	106
Accrued revenues	11	12	-	-	11	12
Workers compensation recoveries	-	-	3	1	3	1
Total Financial Assets	14	61	8,118	7,607	8,132	7,668
Financial Liabilities						
22 Payables						
Creditors	138	187	326	778	464	965
Accrued Expenses	131	130	45	39	176	169
Employment on-costs	1,023	900	-	-	1,023	900
Paid Parental Leave Scheme payable	-	-	-	7	-	7
Total Financial Liabilities	1,293	1,217	370	824	1,663	2,041

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

31 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income	Note	Original budget¹ \$'000	Actual 2016 \$'000	Variance \$'000
Expenses				
Employee benefits expenses		21,868	23,938	2,070
Supplies and services		7,098	8,479	1,381
Depreciation and amortisation		780	1,084	304
Grants and subsidies		23,280	22,678	(602)
Other expenses		156	139	(17)
Total expenses		53,182	56,318	3,136
Income				
Revenues from fees and charges		61,518	60,258	(1,260)
Grants and contributions		910	1,511	601
Interest revenues		102	126	24
Net gain/(loss) from the disposal of non-current assets		-	(6)	(6)
Other income		-	30	30
Total income		62,530	61,919	(611)
Net cost of providing services		(9,348)	(5,601)	3,747
Payments to SA Government				
Payments to SA Government	a	-	6,275	6,275
Total payments to SA Government		-	6,275	6,275
Net result		9,348	(674)	(10,022)
Total comprehensive result		9,348	(674)	(10,022)

¹The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- (a) Payments to SA Government was greater than original budget due to a review of the Authority's operating account balances as at 30 June 2015 in accordance with the cash alignment policy. The amount of surplus cash as advised by the Department of Treasury and Finance was \$6.275 million.

Investing expenditure summary	Note	Original budget¹ 2016	Actual 2016	Variance
Total existing projects	b	-	182	182
Total annual programs	c	552	388	(164)
Total investing expenditure		552	570	18

¹The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- (b) Investing expenditure for existing projects was over the original budget due to an approved carryover sought of \$0.183m from 2014-2015 to 2015-2016 for Licensing Administration Modernisation Project that was not reflected in the 2015-16 original budget.
- (c) Investing expenditure for annual programs was under the original budget. This was mainly due to a transfer of funds to the operating budget as approved by the Department of Treasury & Finance.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

32 Financial risk management/Financial instruments

32.1 Financial risk management

Risk management is managed by the Authority's corporate services section and the Authority's 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 Authority is exposed to financial risk - liquidity risk and credit risk. There have been no changes in risk exposure since the last reporting period.

32.2 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 note 2.

Refer note 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: loans and receivables; and financial liabilities measured at cost.

The Authority does not recognise any financial assets or liabilities at fair value, but does disclose fair value in the notes.

32.3 Liquidity risk

Liquidity risk arises from that possibility that the Authority is unable to meet its financial obligations as they fall due. The Authority is funded principally from waste levies and annual licence fees. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table represent the Authority's maximum exposure to financial liabilities.

The following table discloses the carrying amount of each category of financial instrument held by the Authority including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note number	2016 Carrying amount / Fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalent	17	15,576	15,576	-	-	-
Loans and receivables						
Receivables (1) (2)	18	61	61	-	-	-
Total financial assets		15,637	15,637	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	22	509	509	-	-	-
Total financial liabilities		509	509	-	-	-

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Category of financial asset and financial liability	Note number	2015 Carrying amount / Fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalent	17	15,776	15,776	-	-	-
Loans and receivables						
Receivables (1) (2)	18	73	73	-	-	-
Total financial assets		15,849	15,849	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	22	1,004	1,004	-	-	-
Total financial liabilities		1,004	1,004	-	-	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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. Prepayments are presented in note 18 in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations resulting in a financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The Authority has minimal concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 18 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 32.3 represents the Authority's maximum exposure to credit risk.

Ageing analysis of financial assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016						
Cash and cash equivalents	15,576	15,576	-	-	-	-
Receivables (1)	61	61	-	-	-	-
2015						
Cash and cash equivalents	15,776	15,776	-	-	-	-
Receivables (1)	73	73	-	-	-	-

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Govt). They are carried at cost.

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

32.5 Market risk

The Authority has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

The Authority does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The Authority does not undertake any hedging in relation to interest of foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

32.6 Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

33 Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2016.

34 The Environment Protection Fund

The following is a summary of the amounts included in the Fund. In reflecting these amounts in the Authority's financial statements, transactions between the Fund and the Authority have been eliminated.

Statement of Comprehensive Income for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Expenses		
Employee benefits	301	283
Supplies and services	2,697	2,611
Grants and subsidies	47	27
Total: Expenses	3,045	2,921
Income		
Fees and Charges	3,095	2,852
Interest revenue	127	153
Total: Income	3,222	3,005
Net result	177	84

Statement of Financial Position as at 30 June 2016

	2016 \$'000	2015 \$'000
Current assets		
Cash and cash equivalents	7,008	6,947
Receivables	326	327
Total: Current Assets	7,334	7,274
Total: Assets	7,334	7,274
Current liabilities		
Payables	111	228
Total: Current Liabilities	111	228
Total: Liabilities	111	228
Net Assets	7,223	7,046
Equity		
Retained earnings	7,223	7,046
Total: Equity	7,223	7,046

Environment Protection Authority
Notes to and forming part of the Financial Statements
For the year ended 30 June 2016

Statement of Changes in Equity for the year ended 30 June 2016

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014	6,962	6,962
Net result for 2014/2015	84	84
Balance at 30 June 2015	7,046	7,046
Net result for 2015/2016	177	177
Balance at 30 June 2016	<u>7,223</u>	<u>7,223</u>

Statement of Cash Flows for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Cash inflows		
Fees and charges	3,096	2,810
Interest received	127	155
Total: Cash Inflows	<u>3,223</u>	<u>2,965</u>
Cash outflows		
Employee benefit payments	(301)	(283)
Payments for supplies and services	(2,814)	(2,394)
Grant and contribution payments	(47)	(27)
Total: Cash Outflows	<u>(3,162)</u>	<u>(2,704)</u>
Net Cash Inflows from operating activities	<u>61</u>	<u>261</u>
Cash at the beginning of the financial year	6,947	6,686
Cash at the end of the financial year	<u>7,008</u>	<u>6,947</u>

35 Radiation Protection Function

The administrative unit has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*.

The following summarises income and expenditure attributable to radiation protection functions within the administrative unit excluding the allocation of overheads. In reflecting these amounts in the Authority's financial statements, transactions between Radiation Protection and the Statutory Authority have been eliminated.

Statement of Comprehensive Income for the year ended 30 June 2016

Radiation Protection Division

	2016 \$'000	2015 \$'000
Expenses		
Employee benefits	1,375	1,312
Supplies and Services	88	73
Total: Expenses	<u>1,463</u>	<u>1,385</u>
Income		
Radiation license fees	3,265	3,147
Sales	19	15
Grants and contributions	25	24
Total: Income	<u>3,309</u>	<u>3,186</u>
Net cost of / (benefit from) providing services	<u>(1,846)</u>	<u>(1,801)</u>

Environment Protection Authority

Certification of the financial statements

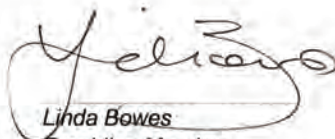
We certify that the:

- financial statements of the Environment Protection Authority:
 - 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 Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year



Tony Circelli
Chief Executive

30th August 2016



Linda Bowes
Presiding Member

31 August 2016



Richard Jacka
Chief Financial Officer

29 August 2016



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

**To the Presiding Member
Environment Protection Authority**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Environment Protection Authority for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and the Chief Financial Officer.

The Board's responsibility for the financial report

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

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

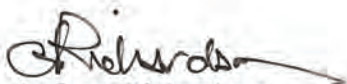
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Environment Protection Authority's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Environment Protection Authority as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

13 September 2016

Department of Environment, Water and Natural Resources

Financial report
for the year ended
30 June 2016

Department of Environment, Water and Natural Resources
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	5	160 552	147 694
Supplies and services	6	83 908	92 931
Grants and subsidies	7	36 352	31 561
Water recovery / acquisition	8	807	738
Depreciation and amortisation	9	20 297	20 861
Net loss from disposal of non-current assets	10	2 149	12 826
Other	11	2 491	1 261
Total expenses		306 556	307 872
Income			
Fees and charges	13	63 206	75 834
Grants	14	66 333	55 707
Interest	15	683	1 061
Other	16	40 877	33 641
Total income		171 099	166 243
Net cost of providing services		135 457	141 629
Revenues from / payments to SA Government			
Revenues from SA Government	17	156 140	141 670
Payments to SA Government	17	(13 652)	(1 200)
Total net revenues from SA Government		142 488	140 470
Net result		7 031	(1 159)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	23	48 949	11 914
Total other comprehensive income		48 949	11 914
Total comprehensive result		55 980	10 755

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	18	147 428	134 450
Receivables	19	18 117	12 831
Inventories	20	2 423	2 365
Other assets	21	1 251	1 257
Total current assets		169 219	150 903
Non-current assets			
Receivables	19	34	64
Other financial assets	22	3	3
Property, plant and equipment	23	574 397	511 784
Intangible assets	24	5 273	5 185
Total non-current assets		579 707	517 036
Total assets		748 926	667 939
Current liabilities			
Payables	26	21 893	25 544
Employee benefits	27	14 381	12 419
Provisions	28	913	584
Other liabilities	29	2 286	213
Total current liabilities		39 473	38 760
Non-current liabilities			
Payables	26	3 287	2 894
Employee benefits	27	35 140	31 724
Provisions	28	1 936	1 846
Other liabilities	29	20 490	95
Total non-current liabilities		60 853	36 559
Total liabilities		100 326	75 319
Net assets		648 600	592 620
Equity			
Contributed capital	30	22 612	22 612
Retained earnings	30	286 382	279 351
Asset revaluation surplus	30	339 606	290 657
Total equity		648 600	592 620

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	34
Contingent assets and liabilities	35

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Changes in Equity
for the year ended 30 June 2016

		Contributed	Asset	Retained	Total
	Note	Capital	Revaluation	Earnings	
		\$'000	Surplus	\$'000	\$'000
Balance at 30 June 2014		22 612	279 791	284 771	587 174
Error correction - intangible assets	2(l)	-	-	(239)	(239)
Error correction - property, plant and equipment	2(l)	-	(1 048)	472	(576)
Error correction - other liabilities	2(m)	-	-	(59)	(59)
Error correction - receivables	2(l)	-	-	(65)	(65)
Error correction - employee benefits	2(m)	-	-	(4 370)	(4 370)
Restated balance at 30 June 2014		22 612	278 743	280 510	581 865
Net result for 2014-15		-	-	(1 159)	(1 159)
Gain on revaluation of property, plant and equipment		-	11 914	-	11 914
Total comprehensive result for 2014-15		-	11 914	(1 159)	10 755
Balance at 30 June 2015	30	22 612	290 657	279 351	592 620
Net result for 2015-16		-	-	7 031	7 031
Gain on revaluation of property, plant and equipment		-	48 949	-	48 949
Total comprehensive results for 2015-16		-	48 949	7 031	55 980
Balance at 30 June 2016	30	22 612	339 606	286 382	648 600

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(154 005)	(144 557)
Payments for supplies and services		(102 041)	(109 328)
Payments of grants and subsidies		(38 342)	(34 950)
Water recovery / acquisition expenses		(807)	(738)
Other payments		(365)	(252)
Cash provided by (used in) operations		(295 560)	(289 825)
Cash inflows			
Fees and charges		59 153	99 189
Receipts from grants		69 400	57 280
Interest received		712	1 024
GST recovered from the Australian Taxation Office		11 886	12 596
Other receipts		42 344	37 000
Cash generated from operations		183 495	207 089
Cash flows from SA government			
Receipts from SA government		156 140	141 670
Payments to SA government		(13 652)	(1 200)
Cash generated from SA government		142 488	140 470
Net cash provided by operating activities	31	30 423	57 734
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(17 475)	(28 983)
Cash used in investing activities		(17 475)	(28 983)
Cash inflows			
Proceeds from the sale of property, plant and equipment		30	250
Cash generated from investing activities		30	250
Net cash used in investing activities		(17 445)	(28 733)
Net increase in cash and cash equivalents		12 978	29 001
Cash and cash equivalents at the beginning of the period		134 450	105 449
Cash and cash equivalents at 30 June	18	147 428	134 450

Department of Environment, Water and Natural Resources
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

Disaggregated disclosures - expenses and income

	Sustainability		Water		Parks and Public Assets		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses								
Employee benefits	58 150	53 902	37 912	33 972	64 490	59 820	160 552	147 694
Supplies and services	25 177	22 754	24 023	31 442	34 708	38 735	83 908	92 931
Grants and subsidies	2 274	3 348	32 018	26 798	2 060	1 415	36 352	31 561
Water recovery / acquisition	-	-	807	738	-	-	807	738
Depreciation and amortisation	3 329	3 150	5 358	6 258	11 610	11 453	20 297	20 861
Net loss from disposal of non-current assets	301	1 030	78	369	1 770	11 427	2 149	12 826
Other	365	379	1 285	740	841	142	2 491	1 261
Total expenses	89 596	84 563	101 481	100 317	115 479	122 992	306 556	307 872
Income								
Fees and charges	8 673	5 057	27 205	47 185	27 328	23 592	63 206	75 834
Grants	8 055	8 047	52 337	41 992	5 941	5 668	66 333	55 707
Interest	7	13	650	1 014	26	34	683	1 061
Other	31 141	32 005	9 377	1 342	359	294	40 877	33 641
Total income	47 876	45 122	89 569	91 533	33 654	29 588	171 099	166 243
Net cost of providing services	41 720	39 441	11 912	8 784	81 825	93 404	135 457	141 629
Revenues from/payments to SA Government								
Revenues from SA Government	65 535	55 188	18 579	24 154	72 026	62 328	156 140	141 670
Payments to SA Government	(2 396)	(482)	(8 622)	(173)	(2 634)	(545)	(13 652)	(1 200)
Total net revenues from SA Government	63 139	54 706	9 957	23 981	69 392	61 783	142 488	140 470
Net result	21 419	15 265	(1 955)	15 197	(12 433)	(31 621)	7 031	(1 159)

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

1 Objectives of the Department of Environment, Water and Natural Resources

The Department of Environment, Water and Natural Resources' (DEWNR) purpose is to help South Australians conserve, sustain and prosper. DEWNR achieves this by being:

- a facilitator of community involvement in, and shared responsibility for, the environment
- a steward of the state's natural resources to enable sustainable development
- the custodian of public places (parks, gardens, heritage places and Crown lands) for public benefit and enjoyment, and their intrinsic value
- an authority on the state's environment and natural resources to help governments, businesses and individuals make good long-term decisions.

2 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with Section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

DEWNR has applied Australian Accounting Standards that are applicable to not-for-profit entities, as DEWNR is a not for profit entity.

Except for AASB 2015-7 which DEWNR has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by DEWNR for the reporting period ending 30 June 2016 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgement in the process of applying DEWNR's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- The selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- Compliance with Accounting Policy Statements issued pursuant to Section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Standards require the following note disclosures, that have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. DEWNR has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, i.e. all financial assets and financial liabilities relating to SA Government have been separately disclosed
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee targeted voluntary separation package information

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (b) Basis of preparation (continued)

- (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
- (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

DEWNR's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Reporting entity

DEWNR is a government department of the State of South Australia and operates within the *Public Sector Act 2009*. DEWNR is an administrative unit acting on behalf of the Crown.

The Minister administers the State's interest in the Murray-Darling Basin Authority (MDBA). Joint ventures are contractual arrangements between DEWNR or a subsidiary entity and one or more other party to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Further information is disclosed in note A12 in the administered financial statements.

The financial statements and accompanying notes include all the controlled activities of DEWNR (refer to the disaggregated schedule for details of the DEWNR's controlled activities). Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to DEWNR's overall financial performance and position, they are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative amounts have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information.

These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 Summary of significant accounting policies (continued)

(f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(g) Taxation

DEWNR is not subject to income tax. DEWNR is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

DEWNR prepares a Business Activity Statement on behalf of its controlled entities, administered items and other clients to which it provides business services under the grouping provisions of the GST legislation. Under the grouping provisions, DEWNR is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in DEWNR's Statement of Financial Position and the GST cash flows recorded in DEWNR's.

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to DEWNR will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (i) Income (continued)

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions received

Contributions are recognised as an asset and income when DEWNR obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, DEWNR has obtained control or the right to receive for:

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable; that is, the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations – that is when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

Resources received free of charge

Resources received free of charge are recorded as income in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Gain from the disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains/losses on disposal of assets are recognised at the date control of the asset passed to the buyer and is determined after deducting the cost of the asset from proceeds at that time.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when DEWNR obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of DEWNR and the appropriation is recorded as contributed equity.

Other income

Other income consists of salaries and wages recoveries, sponsorships and donations, recoveries of insurance claims and other sundry income.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from DEWNR will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (j) Expenses (continued)

Employee benefits

Employee benefits include all costs related to employment including wages and salaries, leave entitlements and non-monetary benefits. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by DEWNR to the superannuation plan in respect of current services of current DEWNR staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements. Refer to note 2(m).

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as computer software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful Life (years)
Property, plant and equipment	
Buildings and improvements	5-60
Groundwater monitoring wells	5-50
Lower Murray embankments	200
Park infrastructure	3-200
Patawalonga seawater circulation and Barcoo Outlet	6-99
Plant and equipment	2-50
Roads, tracks and trails	4-35
Salinity disposal schemes	15-99
Surface water monitoring network	5-80
Waste disposal stations	50
Sand pumping infrastructure	10-50
Leasehold improvements	12
Other	3-60
Intangible assets	
Externally acquired	2-10
Internally acquired	3-12
War services leases	44

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when DEWNR has a present obligation to pay the contribution and the expense recognition criteria are met.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (j) Expenses (continued)

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and expiation fees received on behalf of the government and paid directly to the Consolidated Account.

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, DEWNR has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of 3 months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that DEWNR will not be able to collect the debt. Bad debts are written off when identified.

Error correction

An error correction of \$0.065 million has been disclosed in the Statement of Changes in Equity in respect of the 2013-14 financial year. The error correction has been retrospectively restated in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and comprises a de-recognition of a receivable.

Inventories

Inventories include goods held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for all other inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (I) Assets (continued)

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred.

Any write-down reversals are also recognised as an expense reduction in the Statement of Comprehensive Income.

Other financial assets

DEWNR measures financial assets at historical cost.

Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value; that is the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Minor assets with an individual value of less than \$10 000 are expensed in the Statement of Comprehensive Income at the time of acquisition, with the exception of Groundwater Monitoring Wells due to the significant number and long useful lives of the assets contained within this class. All assets for this class have been recognised in the Statement of Financial Position regardless of their initial cost of acquisition.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value; and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

DEWNR revalues its land, buildings and improvements, and other infrastructure assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every 6 years.

If at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (I) Assets (continued)

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

Error correction

An error correction of \$0.472 million (property, plant and equipment) and \$0.239 million (intangible assets) has been disclosed in the Statement of Changes in Equity. The error correction has been retrospectively restated in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and comprises a net increase to the carrying values of property, plant and equipment assets and a net decrease to the carrying values of intangible assets. The error correction relates to first time recognition of assets and data dictionary asset revisions.

An error correction of \$1.048 million has also been disclosed in the Statement of Changes in Equity in respect of the 2013-14 financial year, and comprises a decrease to the asset revaluation surplus as a result of a revaluation adjustment for Waste disposal station assets.

Heritage assets

In accordance with APF III Asset Accounting Framework, heritage assets are recognised in the Statement of Financial Position as part of the aggregate value of classes of assets to which they belong. Certain heritage assets and works of art that are unique due to their historical or cultural interest are not depreciated due to their long and indeterminate useful lives. Heritage assets that provide a functional service are recorded at depreciable fair value.

Land

Land comprising National, Conservation and Recreation Parks and Wilderness Protection Areas and Reserves, generally has restrictions on use imposed by statute or regulation. These restrictions have been taken into account by the independent valuers.

DEWNR is also custodian of unallotted (unalienated) Crown Land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Land dedicated to the Minister and land held by the Minister, either as freehold or reverted land is also recognised as administered land. Administered lands may be subject to third party perpetual leases and other leases and annual licenses.

Unallotted Crown Land has been included in DEWNR's Administered Statement of Administered Financial Position for the first time as at 1 July 2015.

During the reporting period DEWNR undertook work to reliably identify and value relevant land holdings, and to formulate a suitable methodology supporting the reliable measurement of the integrity and value of these holdings.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (I) Assets (continued)

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

For the War Services Leases the rate of amortisation has been determined after reference to both the unexpired period of the leases and the rate of extinguishment of the leases.

No amortisation is applied to water entitlements (included in acquired intangible assets) as these have been assessed as having an indefinite term of future economic benefits.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

DEWNR 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 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.

Non-financial assets

In determining fair value, DEWNR has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (i.e. physically possible, legally permissible, financially feasible).

DEWNR's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As DEWNR 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 notes 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

DEWNR does not recognise any financial assets at fair value.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

(m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of DEWNR.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

DEWNR 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. Refer to note 2(j).

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. DEWNR has entered into operating leases.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by DEWNR in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

During the reporting period DEWNR engaged in a new lease incentive for DEWNR's new CBD accommodation. Refer notes 23 and 29 for disclosure regarding the lease incentive asset (leasehold improvements) and liability.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (m) Liabilities (continued)

Error correction

An error correction of \$0.059 million has been disclosed in the Statement of Changes in Equity in respect of the 2013-14 financial year. The error correction has been retrospectively restated in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and comprises a net increase to other liabilities. The error correction related to a lease incentive relating to the Tasman Terrace, Port Lincoln site.

Employee benefits

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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 of sick leave.

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.

The estimated liability for long service leave is based on actuarial assumptions over 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. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as DEWNR does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of the long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Error correction

The Statement of Changes in Equity contains an error correction to long service leave liabilities and associated employment on-costs of \$4.370 million in respect of the 2013-14 financial year. This error relates to changes in employment conditions (full-time to part-time) and incorrect calculation of liabilities in the prior year. The error correction has been retrospectively restated in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The effect in the prior period is an increase to liabilities and a decrease to the Net Result and Retained Earnings of \$4.370 million.

Provisions

Provisions are recognised when DEWNR has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When DEWNR expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2 (m) Liabilities (continued)

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of the ongoing payments to employees as required under current legislation.

DEWNR is responsible for the payment of workers compensation claims.

(n) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value. Additional commitments in relation to DEWNR's new CBD accommodation are reported in note 34, and account for the increase operating lease commitments later than one year.

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

(o) Interest in joint operation

Murray Darling Basin Authority

The Minister administers the State's interest in the Murray-Darling Basin Authority (MDBA). These transactions are reflected in the Administered Statements. Note A12 of the Administered Statements refers to changes in accounting for the MDBA, which came into being on 15 December 2008.

3 New and revised accounting standards and policies

DEWNR did not voluntarily change any of its accounting policies during 2015-16.

Accounting standards

Except for AASB 2015-7 which DEWNR has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by DEWNR for the period ending 30 June 2016.

AASB 16 Leases will apply for the first time in DEWNR's 30 June 2020 financial report. This standard will require DEWNR to recognise all leased items in the Statement of Financial Position as assets to represent the value of what DEWNR leases, and liabilities to represent expected future lease payments. This could see significant assets and liabilities being recognised and, over the lease term, amortised.

DEWNR has assessed the impact of other new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of the department.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

4 Activities of DEWNR

In achieving its objectives, DEWNR provides a range of services classified into the following activities:

Activity 1: Sustainability

Ensure the effective management of the state's natural resources through strategic planning, state-wide policy and frontline service delivery for the benefit of the community, our economy and ecosystems.

Activity 2: Water

Ensure good quality, sustainable water supplies and management of the River Murray and state water resources for the benefit of our economy, community and environment.

Activity 3: Parks and public assets

Conserve, sustain and build the state's reserve system to enhance visitor experiences, improve management practices and help mitigate against the impacts of bushfire.

The disaggregated disclosures schedules presents expenses and income information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2015.

AASB 1052 *Disaggregated Disclosures* requires government departments to disclose the assets deployed and liabilities incurred that are reliably attributable to each of their activities. DEWNR cannot currently reliably attribute assets and liabilities across activities. Hence this disclosure has not been made.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

5 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	119 152	111 057
Annual leave	11 023	9 863
LSL	6 078	4 179
SERL	618	555
Employment on-costs - superannuation	13 507	12 695
Employment on-costs - other	9 458	7 561
TVSPs (refer below)	113	1 117
Board and committees fees	253	242
Other employee related expenses	350	425
Total employee benefits expenses	160 552	147 694
	2016	2015
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	113	1 117
Annual leave, LSL and SERL paid to those employees	75	354
	188	1 471
Recovery from the Department of Treasury and Finance	-	(8 465)
Net cost to DEWNR	188	(6 994)
Number of employees who received a TVSP during the reporting period	1	11

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2016	2015
	Number	Number
\$145 001 – 155 000	3	2
\$155 001 – 165 000	5	3
\$165 001 – 175 000	4	4
\$175 001 – 185 000	4	5
\$185 001 – 195 000	4	3
\$195 001 – 205 000	1	-
\$205 001 – 215 000	1	2
\$225 001 – 235 000	1	1
\$235 001 – 245 000	-	2
\$245 001 – 255 000	2	-
\$265 001 – 275 000	1	-
\$275 001 – 285 000	-	1
\$285 001 – 295 000	1	-
\$315 001 – 325 000	1	1
\$335 001 – 345 000	1	-
\$355 001 – 365 000	1	-
\$405 001 – 415 000	-	1
Total	30	25

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

5 Employee benefits expenses (continued)

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$6.127 million (2015: \$5.056 million).

6 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation and property management	16 795	15 313
Consultants	218	165
Contractors	3 434	4 776
Cost of goods sold	1 634	1 674
Fee for service	21 920	26 208
General administration	10 669	12 125
Information technology & communication	9 513	8 967
Minor works, maintenance & equipment	4 173	7 163
Monitoring fees	110	143
Sand replenishment	3 303	3 140
Scientific and technical services	334	130
Transportation	334	373
Travel and accommodation	1 874	1 819
Vehicle and aircraft	4 790	5 557
Staff development	1 401	1 696
Other	3 406	3 682
Total supplies and services	83 908	92 931

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) fell within the following bands:

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	12	7	44	25
Above \$10 000	4	5	174	140
Total paid/payable to consultants engaged	16	12	218	165

7 Grants and subsidies

	2016	2015
	\$'000	\$'000
Administration of the <i>Animal Welfare Act 1985</i>	1 051	1 025
Coorong, Lower Lakes and Murray Mouth - Long Term Plan	3 903	4 961
Goyder Facilitating Long-term Outback Water Solutions (G-FLOWS)	-	1 000
Goyder Institute	2 000	5 000
Great Artesian Basin Sustainability Initiative	2 166	-
Marine parks	1 051	-
Murray Darling Basin Authority	19 054	13 031
River Murray Improvement Program	2 000	2 000
Other	5 127	4 544
Total grants and subsidies	36 352	31 561

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

7 Grants and subsidies (continued)

Grants and subsidies paid/payable to entities within the SA Government

Coorong, Lower Lakes and Murray Mouth - Long Term Plan	545	290
Marine parks	285	-
River Murray Improvement Program	2 000	2 000
Other	1 310	264
Total grants and subsidies - SA Government entities	4 140	2 554

8 Water recovery / acquisition expenses

	2016	2015
	\$'000	\$'000
Environmental water purchase	807	738
Total water recovery / acquisition expenses	807	738

9 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings and improvements	3 069	3 206
Park infrastructure	4 141	4 137
Roads, tracks and trails	4 396	5 131
Groundwater monitoring wells	2 259	2 228
Salinity disposal schemes	458	456
Patawalonga seawater circulation and Barcoo outlet	688	711
Sand pumping infrastructure	1 006	1 006
Surface water monitoring network	159	157
Waste disposal stations	168	156
Lower Murray embankments	69	69
Plant and equipment	2 465	2 450
Leasehold improvements	307	-
Other	18	19
Total depreciation	19 203	19 726

Amortisation

Application software - internally generated	832	1 113
Application software - externally purchased	240	-
Other - war services leases	22	22
Total amortisation	1 094	1 135

Total depreciation and amortisation expense

20 297	20 861
---------------	---------------

Revision of accounting estimates

DEWNR altered the useful lives of various assets in accordance with normal periodic assessment procedures. In accordance with AASB108, the resulting adjustments have been applied prospectively in the current year.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

10 Net loss from disposal of non-current assets

	2016	2015
	\$'000	\$'000
Land		
Proceeds from disposal	-	61
Less net book value of assets disposed	-	(94)
Net (loss)/gain from disposal	-	(33)
Buildings and improvements		
Proceeds from disposal	1	-
Less net book value of assets disposed	(87)	-
Net (loss)/gain from disposal	(86)	-
Park infrastructure		
Proceeds from disposal	-	-
Less net book value of assets disposed *	(376)	(12 624)
Net (loss)/gain from disposal	(376)	(12 624)
Roads, tracks and trails		
Proceeds from disposal	-	-
Less net book value of assets disposed *	(840)	(162)
Net (loss)/gain from disposal	(840)	(162)
Plant and equipment		
Proceeds from disposal	29	9
Less net book value of assets disposed *	(876)	(16)
Net (loss)/gain from disposal	(847)	(7)
Externally acquired intangible assets		
Proceeds from disposal	-	180
Less Net book value of assets disposed	-	(180)
Net (loss)/gain from disposal	-	-
Total assets		
Total proceeds from disposal	30	250
Less total net book value of assets disposed	(2 179)	(13 076)
Total net (loss) from disposal of non-current assets	(2 149)	(12 826)

***Assets transferred free of charge**

During the current year, assets to the value of \$1.684 million (2015: \$10.270 million) were transferred to the Board of the Botanic Gardens and State Herbarium and the Murray Darling Basin Authority free of charge.

	2016	2015
	\$'000	\$'000
Park infrastructure	376	10 094
Roads, tracks and trails	840	162
Plant and equipment	468	14
Total assets transferred free of charge	1 684	10 270

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

11 Other expenses

	2016	2015
	\$'000	\$'000
Bad and doubtful debts	60	201
Capital project costs not capitalised	2 153	809
Audit fees	405	480
Movement in Inventory	(129)	(229)
Other	2	-
Total other expenses	2 491	1 261

12 Auditors remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	405	454
Total audit fees	405	454

No other services were provided by the Auditor-General's Department.

13 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Admissions and guided tours	8 882	8 353
Fees, levies and licences	2 499	2 467
Property rental and related income	6 082	6 085
Taxation revenue - River Murray rehabilitation levy	1 453	24 958
Service recoveries	17 556	17 128
Other property related income	10	212
Sale of goods	3 892	3 580
Sale of professional services	8 117	5 090
Sale of support services	13 673	6 865
Sale of spatial information	840	1 014
Sale of freehold titles	202	82
Total revenues from fees and charges	63 206	75 834

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

14 Grant revenues

	2016	2015
	\$'000	\$'000
Grant revenues from the Commonwealth		
Constraints Management Strategy Implementation	830	-
Coorong, Lower Lakes and Murray Mouth - Long Term Plan	5 003	18 719
Great Artesian Basin Sustainability Initiative	2 698	273
Implementing the Murray Darling Basin reform	2 043	2 322
Murray Futures - Riverine Recovery	7 875	6 394
National Bushfire Mitigation Program	907	-
National framework for compliance and enforcement systems	778	1 559
National Partnership Agreement - Bioregional Assessment Arckaringa/Pedirka	-	450
National Partnership Agreement - Bioregional Assessment Lake Eyre Basin	250	1 026
Nature Links	351	409
SA Riverland Floodplain Infrastructure Program	25 000	7 000
SA State Priority Project Design Funding	1 965	-
The Living Murray - Chowilla	1 015	827
The Living Murray - Lower Lakes, Coorong and Murray Mouth	888	538
Tourism Demand Driver Infrastructure	959	-
Other	287	1 429
Total grant revenues from the Commonwealth	50 849	40 946
Grant revenues from SA Government		
Adelaide Living Beaches strategy	2 590	2 512
Botanic Gardens - Aquifer Storage and Recovery	655	655
Community Emergency Services Funding	3 321	2 700
Compliance and Monitoring	690	624
Highbury Aqueduct fire prevention	282	275
One million trees	250	250
Securing low flows	590	460
Water Industry Act	200	79
Other	5 155	5 137
Total grant revenues from SA Government	13 733	12 692
Grant revenues from private industry and local government		
Implementing the Limestone Coast and Coorong Coastal Action Plan	489	479
Other	1 262	1 590
Total grant revenues from private industry and local government	1 751	2 069
Total grant revenues	66 333	55 707

Contributions with conditions of expenditure

DEWNR received grants from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2016 \$58.597 million (2015: \$39.526 million) of grants, which have been recognised as revenues in the Statement of Comprehensive Income, are yet to be spent in the manner specified by the contributors.

15 Interest revenues

	2016	2015
	\$'000	\$'000
Interest	683	1 061
Total interest revenues	683	1 061

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

16 Other income

	2016	2015
	\$'000	\$'000
Insurance recoveries	28	38
Salaries and wages recoveries	32 499	33 295
Sponsorships, donations, commissions and bequests	114	19
Water sales	8 007	71
Other sundry revenue	229	218
Total other income	40 877	33 641

17 Revenue from / payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act	155 185	132 698
Appropriations from contingency funds	955	8 972
Total revenues from SA Government	156 140	141 670
Payments to SA Government		
Return to consolidated account	(9 932)	(1 200)
Return of surplus cash	(3 720)	-
Total payments to SA Government	(13 652)	(1 200)

Total revenues from government consist of \$143.094 million (2015: \$120.581 million) for operational funding and \$12.091 million (2015: \$12.117 million) for capital projects. There was no material variance between the amount appropriated and the expenditure associated with this appropriation.

18 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	147 246	134 265
Imprest account / cash on hand	182	185
Total cash and cash equivalents	147 428	134 450

Deposits with the Treasurer

This includes \$59.226 million (2015: \$50.513 million) held within the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's or Under-Treasurer's approval.

Other short-term deposits

These are funds held on an "at call" basis with various commercial banking entities, and result from banking deposits in regional locations. Funds are only held in these accounts pending imminent transfer to DEWNR's normal banking arrangements with Treasury.

Interest rate risk

Cash deposits are recognised at their nominal amounts and interest is credited to revenue as it accrues. DEWNR invests surplus funds with the Treasurer. Interest is earned on the average monthly balances of the Wildlife Conservation Fund, General Reserves Fund, SA Lower Lakes Bioremediation and Revegetation (CLLMM) account, Adelaide Stormwater Project Fund, Murray Futures Fund and the SA Riverland Floodplains Integrated Infrastructure Program.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

18 Cash and cash equivalents (continued)

Interest is paid quarterly at the Department of Treasury and Finance's 90 day average overnight cash interest rate. All other deposits with the Treasurer do not earn interest.

19 Receivables

	2016 \$'000	2015 \$'000
Current		
Receivables	14 478	8 375
Less allowance for doubtful debts	(489)	(435)
	13 989	7 940
Accrued revenues	58	87
GST input tax recoverable	4 056	4 785
Workers compensation recoveries	14	19
Total current receivables	18 117	12 831
Non-current		
Workers compensation recoveries	34	64
Total non-current receivables	34	64

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016 \$'000	2015 \$'000
Carrying amount at the beginning of the period	435	234
Amounts written off	(6)	-
Increase in the allowance	60	201
Carrying amount at the end of the period	489	435

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

(a) **Maturity analysis of receivables** - refer to note 38.

(b) **Categorisation of financial instruments and risk exposure information** - refer to note 38.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

20 Inventories

	2016	2015
	\$'000	\$'000
Inventories held for distribution at no or nominal amount		
Inventories held for distribution - at cost	507	538
Total inventories held for distribution at no or nominal amount	507	538
 Inventories held for resale - at cost		
Finished goods held for resale - at cost	1 916	1 827
Total inventories held for resale - at cost	1 916	1 827
 Total inventories	2 423	2 365

21 Other assets

	2016	2015
	\$'000	\$'000
Current		
Prepaid supplies and services	1 245	1 253
Other	6	4
Total other current assets	1 251	1 257

22 Other financial assets

	2016	2015
	\$'000	\$'000
Non-current		
Equity in listed entities	3	3
Total non-current other financial assets	3	3

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land		
Independent valuation ⁽ⁱ⁾	258 890	209 941
At cost ⁽ⁱⁱ⁾	8 245	7 951
Total land	267 135	217 892
Buildings and improvements		
Independent valuation ⁽ⁱ⁾	145 491	145 491
At cost ⁽ⁱⁱ⁾	8 528	7 827
Less accumulated depreciation	(107 200)	(104 455)
Total buildings and improvements	46 819	48 863
Park infrastructure		
Independent valuation ⁽ⁱ⁾	174 267	174 267
At cost ⁽ⁱⁱ⁾	30 087	19 566
Less accumulated depreciation	(167 456)	(163 226)
Total park infrastructure	36 898	30 607
Roads, tracks and trails		
Independent valuation ⁽ⁱ⁾	194 721	194 721
At cost ⁽ⁱⁱ⁾	11 340	8 229
Less accumulated depreciation	(183 188)	(178 883)
Total roads, tracks and trails	22 873	24 067
Groundwater monitoring wells		
Independent valuation ⁽ⁱ⁾	130 256	130 256
At cost ⁽ⁱⁱ⁾	4 679	2 242
Less accumulated depreciation	(90 548)	(88 288)
Total groundwater monitoring wells	44 387	44 210
Salinity disposal schemes		
Independent valuation ⁽ⁱ⁾	44 314	44 314
At cost ⁽ⁱⁱⁱ⁾	568	568
Less accumulated depreciation	(13 620)	(13 162)
Total salinity disposal schemes	31 262	31 720
Patawalonga seawater circulation and Barcoo outlet		
Independent valuation ⁽ⁱ⁾	45 451	45 451
Less accumulated depreciation	(14 682)	(13 994)
Total Patawalonga seawater circulation and Barcoo outlet	30 769	31 457

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment (continued)

	2016 \$'000	2015 \$'000
Sand pumping infrastructure		
At cost ⁽ⁱⁱ⁾	20 544	20 544
Less accumulated depreciation	(3 437)	(2 431)
Total sand pumping infrastructure	17 107	18 113
Surface water monitoring network		
Independent valuation ⁽ⁱ⁾	8 469	8 469
At cost ⁽ⁱⁱ⁾	1 051	1 033
Less accumulated depreciation	(4 024)	(3 865)
Total surface water monitoring network	5 496	5 637
Waste disposal stations		
Independent valuation ⁽ⁱ⁾	7 752	7 752
At cost ⁽ⁱⁱ⁾	638	638
Less accumulated depreciation	(2 829)	(2 661)
Total waste disposal stations	5 561	5 729
Lower Murray embankments		
Independent valuation ⁽ⁱ⁾	13 760	13 760
Less accumulated depreciation	(6 880)	(6 811)
Total Lower Murray embankments	6 880	6 949
Plant and equipment		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	38 691	36 044
Less accumulated depreciation	(25 137)	(24 897)
Total plant and equipment	13 554	11 147
Leasehold improvements		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	22 099	-
Less accumulated depreciation	(307)	-
Total leasehold improvements	21 792	-
Other		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	1 867	1 867
Less accumulated depreciation	(668)	(650)
Total other	1 199	1 217
Capital works in progress		
Capital works in progress	22 665	34 176
Total capital works in progress	22 665	34 176
Total property, plant and equipment	574 397	511 784

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment (continued)

Carrying amounts of property, plant and equipment

Classes of property, plant and equipment are valued as follows:

i. Independent valuation:

Generic assets are valued using the Data Dictionary model. Unique assets are items which cannot be categorised within the standard Data Dictionary groups. These assets are valued separately by independent professional valuers. Refer to note 2(l) for further details.

ii. At cost (acquisition cost):

This class includes one or more items that have an acquisition cost exceeding \$1 million. All assets within this class are temporarily held at cost pending revaluation.

iii. At cost (deemed fair value):

These assets have an acquisition cost below \$1 million or have an estimated useful life of less than three years, and have not been revalued in accordance with APF III and are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Asset Revaluations

Land comprising National, Conservation and Recreation Parks and Wilderness Protection Areas and Reserves, generally has restrictions on use imposed by statute or regulation. During the reporting period DEWNR independently revalued its national parks land holding. The independent revaluation was undertaken by Certified Practising Valuers, Mr Mark Kay, Chief Valuer, State Valuation Office and Mr Greg McCloud, Acquisition & Procurement Valuer, State Valuation Office. A market based method was used by comparing property data to that of similar sales with consideration of restrictions on use and/or zoning, property size and shape, topography, location, sale date and market movement, if any, and other relevant factors specific to the land being valued.

Other specialised assets have been revalued per the schedule below.

The valuers used by DEWNR are as follows:

Class of Asset	Date of Last Independent Valuation	Name of Valuer
Land	1 July 2015	State Valuation Office
Buildings, infrastructure and roads	1 July 2011	Valcorp Pty Ltd
Building and park infrastructure	1 July 2011	Herron Todd White
Groundwater monitoring wells	30 June 2012	Sinclair Knight Merz
Surface water monitoring network	30 June 2012	Valcorp Pty Ltd
Waste disposal stations	30 June 2014	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo outlet	1 July 2014	Valcorp Pty Ltd
Salinity disposal schemes	1 July 2014	Valcorp Pty Ltd
Lower Murray embankments	30 June 2014	Valcorp Pty Ltd
Plant and equipment*	-	-

* Plant and equipment have been brought to account at cost or at officers' valuation for initial recognition purposes.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment (continued)

Movement reconciliation of property, plant and equipment

	Land	Buildings & improvements	Park infrastructure	Roads, tracks & trails	Groundwater Monitoring Wells	Salinity Disposal Schemes
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	217 892	48 863	30 607	24 067	44 210	31 720
Acquisitions	294	-	-	-	-	-
Initial recognition	-	-	-	-	-	-
Transfer between classes	-	-	29	(29)	-	-
Disposals - transfers for nil consideration	-	-	(376)	(840)	-	-
Disposals	-	(87)	-	-	-	-
Transfers to/(from) capital works in progress	-	1 112	10 779	4 071	2 436	-
Capital WIP - expensed in current period	-	-	-	-	-	-
Subtotal	294	1 025	10 432	3 202	2 436	-
Gains/(losses) for the period recognised in net result:						
Depreciation expense	-	(3 069)	(4 141)	(4 396)	(2 259)	(458)
Subtotal	-	(3 069)	(4 141)	(4 396)	(2 259)	(458)
Gains/(losses) for the period recognised in other comprehensive income:						
Net revaluation (decrement)/increment	48 949	-	-	-	-	-
Subtotal	48 949	-	-	-	-	-
Carrying amount at the end of period	267 135	46 819	36 898	22 873	44 387	31 262

	Patawalonga Seawater Circulation	Sand pumping infrastructure	Surface Water Monitoring Network	Waste Disposal Stations	Lower Murray Embankments
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	31 457	18 113	5 637	5 729	6 949
Acquisitions	-	-	-	-	-
Initial recognition	-	-	-	-	-
Transfer between classes	-	-	-	-	-
Disposals - transfers for nil consideration	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers to/(from) capital works in progress	-	-	18	-	-
Capital WIP - expensed in current period	-	-	-	-	-
Subtotal	-	-	18	-	-
Gains/(losses) for the period recognised in net result:					
Depreciation expense	(688)	(1 006)	(159)	(168)	(69)
Subtotal	(688)	(1 006)	(159)	(168)	(69)
Gains/(losses) for the period recognised in other comprehensive income:					
Net revaluation (decrement)/increment	-	-	-	-	-
Subtotal	-	-	-	-	-
Carrying amount at the end of period	30 769	17 107	5 496	5 561	6 880

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment (continued)

Property, plant and equipment (continued)					
	Plant & equipment \$'000	Leasehold improvements \$'000	Other \$'000	Capital work in progress \$'000	Total \$'000
2016					
Carrying amount at the start of period	11 147	-	1 217	34 176	511 784
Acquisitions	1 469	-	-	14 519	16 282
Initial recognition	-	22 099	-	-	22 099
Transfer between classes	-	-	-	-	-
Disposals - transfers for nil consideration	(468)	-	-	-	(1 684)
Disposals	(408)	-	-	-	(495)
Transfers to/(from) capital works in progress	4 279	-	-	(23 877)	(1 182)
Capital WIP - expensed in current period	-	-	-	(2 153)	(2 153)
Subtotal	4 872	22 099	-	(11 511)	32 867
Gains/(losses) for the period recognised in net result:					
Depreciation expense	(2 465)	(307)	(18)	-	(19 203)
Subtotal	(2 465)	(307)	(18)	-	(19 203)
Gains/(losses) for the period recognised in other comprehensive income:					
Net revaluation (decrement)/increment	-	-	-	-	48 949
Subtotal	-	-	-	-	48 949
Carrying amount at the end of period	13 554	21 792	1 199	22 665	574 397

	Land \$'000	Buildings & improvements \$'000	Park infrastructure \$'000	Roads, tracks & trails \$'000	Groundwater Monitoring Wells \$'000	Salinity Disposal Schemes \$'000
2015						
Carrying amount at the start of period	217 790	52 086	28 188	28 159	45 358	26 142
Acquisitions	196	-	-	-	-	-
Transfer between classes	-	(17)	-	-	-	-
Disposals - transfers for nil consideration	-	-	(10 094)	(162)	-	-
Disposals	(94)	-	(2 530)	-	-	-
Transfers to/(from) capital works in progress	-	-	19 180	1 201	1 080	568
Capital WIP - expensed in current period	-	-	-	-	-	-
Subtotal	102	(17)	6 556	1 039	1 080	568
Gains/(losses) for the period recognised in net result:						
Depreciation expense	-	(3 206)	(4 137)	(5 131)	(2 228)	(456)
Subtotal	-	(3 206)	(4 137)	(5 131)	(2 228)	(456)
Gains/(losses) for the period recognised in other comprehensive income:						
Net revaluation (decrement)/increment	-	-	-	-	-	5 466
Subtotal	-	-	-	-	-	5 466
Carrying amount at the end of period	217 892	48 863	30 607	24 067	44 210	31 720

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

23 Property, plant and equipment (continued)

	Patawalonga Seawater Circulation	Sand pumping infrastructure	Surface Water Monitoring Network	Waste Disposal Stations	Lower Murray Embankments
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	22 658	19 119	4 944	5 247	7 018
Acquisitions	-	-	-	-	-
Transfer between classes	-	-	-	-	-
Disposals - transfers for nil consideration	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers to/(from) capital works in progress	3 062	-	850	638	-
Capital WIP - expensed in current period	-	-	-	-	-
Subtotal	3 062	-	850	638	-
Gains/(losses) for the period recognised in net result:					
Depreciation expense	(711)	(1 006)	(157)	(156)	(69)
Subtotal	(711)	(1 006)	(157)	(156)	(69)
Gains/(losses) for the period recognised in other comprehensive income:					
Net revaluation (decrement)/increment	6 448	-	-	-	-
Subtotal	6 448	-	-	-	-
Carrying amount at the end of period	31 457	18 113	5 637	5 729	6 949

	Plant & equipment	Other	Capital work in progress	Total
2015	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	11 043	1 236	36 839	505 827
Acquisitions	31	-	27 932	28 159
Transfer between classes	17	-	-	-
Disposals - transfers for nil consideration	(14)	-	-	(10 270)
Disposals	(2)	-	-	(2 626)
Transfers to/(from) capital works in progress	2 522	-	(29 786)	(685)
Capital WIP - expensed in current period	-	-	(809)	(809)
Subtotal	2 554	-	(2 663)	13 769
Gains/(losses) for the period recognised in net result:				
Depreciation expense	(2 450)	(19)	-	(19 726)
Subtotal	(2 450)	(19)	-	(19 726)
Gains/(losses) for the period recognised in other comprehensive income:				
Net revaluation (decrement)/increment	-	-	-	11 914
Subtotal	-	-	-	11 914
Carrying amount at the end of period	11 147	1 217	34 176	511 784

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

24 Intangible assets

	2016	2015
	\$'000	\$'000
Internally developed intangible assets		
Computer software - at cost (deemed fair value)	20 500	20 238
Less accumulated amortisation	(19 378)	(18 546)
Total internally generated computer software	1 122	1 692
Externally acquired intangible assets		
Computer software and water licences	4 449	3 529
Less accumulated amortisation	(1 069)	(829)
Total externally acquired intangible assets	3 380	2 700
Other		
Revenue stream (War services freehold leases) - at cost (deemed fair value)	1 000	1 000
Less accumulated amortisation	(229)	(207)
Total other	771	793
Total intangible assets	5 273	5 185

DEWNR recognises the following intangible assets:

Computer software

The internal development of software is capitalised by DEWNR when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to \$10 000, in accordance with APF III Asset Accounting Framework APS 2.15. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised. DEWNR has capitalised the internal development of software for the Crown Lands System, Water Information and Licensing and Management Application system (WILMA) and ARAMIS Solution Software. In addition, certain costs have been capitalised in respect of the Water Connect Portal (Natural Resources Management Information System) and other software specific to DEWNR's core activities. Some intangibles are currently included in work in progress. Externally acquired computer software relates to ARCGIS software.

Water licenses – acquired at no cost

An intangible asset for water licences has been recognised. The asset was initially acquired for nil consideration prior to 1 July 2005. A reliable fair value at the time of acquisition was not available. The assets were recognised for the first time at fair value as at 30 June 2006. Fair value was determined by observing prices in the water trading market as at 30 June 2006.

Revenue stream

The revenue stream relates to various property leases that were offered by the Commonwealth Government to ex-service personnel with Australian War Service history. A contract to purchase the right to this revenue stream from the Commonwealth Government by DEWNR was negotiated during the 2005-06 year, and is being amortised in accordance with the expected life of the revenue stream.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

24 Intangible assets (continued)

Intangible asset movement reconciliation schedule

	Internally developed	Externally acquired	Revenue stream	Total
	\$'000	\$'000	\$'000	\$'000
2016				
Carrying amount at the start of the period	1 692	2 700	793	5 185
Transfers from capital works in progress	262	920	-	1 182
Amortisation	(832)	(240)	(22)	(1 094)
Carrying amount at the end of the period	1 122	3 380	771	5 273

	Internally developed	Externally acquired	Revenue stream	Total
	\$'000	\$'000	\$'000	\$'000
2015				
Carrying amount at the start of the period	2 120	2 880	815	5 815
Transfers from capital works in progress	685	-	-	685
Disposals	-	(180)	-	(180)
Amortisation	(1 113)	-	(22)	(1 135)
Carrying amount at the end of the period	1 692	2 700	793	5 185

Assets Not Recognised

Acquisition of Water Licences for Environmental Flows

While DEWNR recognises certain water licences controlled by the Minister for the River Murray as intangible assets at 30 June 2013, the acquisition and / or transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred.

The decision not to capitalise these expenditures is linked to the provisions of two Intergovernmental Agreements to which the state of South Australia is a party as follows:

- (i) The Intergovernmental Agreement on Addressing Water Over-allocation and Achieving Environmental Objectives in the Murray-Darling Basin (June 2004) gives effect to a decision by the southern Murray-Darling Basin jurisdictions to commit \$500 million over five years to address water over-allocation in the Murray-Darling Basin with an initial focus on achieving specific environmental outcomes for six significant ecological assets along the River Murray.

The Living Murray Business Plan provided for under Clause 13 of the above Agreement describes how the actions and milestones in the Agreement in relation to the acquisition and transfer of water licences are to be achieved.

- (ii) The Agreement on Murray-Darling Basin Reform (July 2008) gives affect that a Commonwealth-State National Management Partnership will be in a form of a bilateral agreement between the Commonwealth and each Basin jurisdiction known as the National Partnership Agreement on Water for the Future (Partnership Agreement). The Implementation Plan for Augmentation of the Adelaide Desalination Plant is created subject to the provisions of the Partnership Agreement.

The Implementation Plan describes the actions and milestones in relation to the acquisition of water licences and the establishment of an Environmental Provision for environmental purposes.

The transactions pertaining to the acquisition of water licences and subsequent application of these licences have been expensed on the basis that the future economic benefits attached to these transactions are not expected to flow directly to DEWNR.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

25 Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. DEWNR categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurement at 30 June 2016

	Level 3
	\$'000
Recurring fair value measurements	
Land	267 135
Buildings and improvements	46 819
Park infrastructure	36 898
Roads, tracks and trails	22 873
Groundwater monitoring wells	44 387
Salinity disposal schemes	31 262
Patawalonga seawater circulation and Barcoo outlet	30 769
Surface water monitoring network	5 496
Waste disposal stations	5 561
Lower Murray embankments	6 880
Sand pumping infrastructure	17 107
Plant and equipment	13 554
Leasehold improvements	21 792
Other	1 199
Total recurring fair value measurements	551 732

Fair value measurement at 30 June 2015

	Level 3
	\$'000
Recurring fair value measurements	
Land	217 892
Buildings and improvements	48 863
Park infrastructure	30 607
Roads, tracks and trails	24 067
Groundwater monitoring wells	44 210
Salinity disposal schemes	31 720
Patawalonga seawater circulation and Barcoo outlet	31 457
Surface water monitoring network	5 637
Waste disposal stations	5 729
Lower Murray embankments	6 949
Sand pumping infrastructure	18 113
Plant and equipment	11 147
Other	1 217
Total recurring fair value measurements	477 608

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

25 Fair value measurements (continued)

DEWNR's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

DEWNR had no valuations categorised into level 1 or level 2 during 2015 and 2016.

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values together with the reconciliation of level 3 fair value measurements are detailed at note 23. There were no changes in valuation techniques during 2016.

26 Payables

	2016	2015
	\$'000	\$'000
Current		
Accrued expenses	915	1 148
Creditors	18 120	21 860
Employment on-costs	2 833	2 507
Paid Parental Leave Scheme payable	25	29
Total current payables	21 893	25 544
Non-current		
Employment on-costs	3 287	2 894
Total non-current payables	3 287	2 894

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40%. This rate is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$0.123m and employee benefits expense of \$0.123m.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) **Maturity analysis of payables** - refer to note 38.

(b) **Categorisation of financial instruments and risk exposure information** - refer to note 38.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

27 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued salaries and wages	1 731	902
Annual leave	9 551	8 970
Long service leave	2 161	1 724
Skills and experience retention leave	938	823
Total current employee benefits	14 381	12 419
Non-current		
Long service leave	35 140	31 724
Total non-current employee benefits	35 140	31 724

AASB 119 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. AASB 119 requires the use of 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 decreased from 2015 (3.00%) to 2016 (2.00%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$2.468m and employee benefit expense of \$2.468m. 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 is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% 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.

28 Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for workers compensation	913	584
Total current provisions	913	584
Non-current		
Provision for workers compensation	1 936	1 846
Total non-current provisions	1 936	1 846
Provision movement		
Carrying amount at the beginning of the period	2 430	2 903
Reductions resulting from re-measurement or settlement without cost	-	(473)
Additional provisions recognised	419	-
Carrying amount at the end of the period	2 849	2 430

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet). These claims are expected to be settled within the next financial year.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

29 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Lease incentive	1 931	20
Unearned revenue	101	136
Other	254	57
Total current other liabilities	2 286	213
Non-current		
Lease incentive	20 025	95
Deposits held	465	-
Total non-current other liabilities	20 490	95

Additional lease incentive in relation to DEWNR's new CBD accommodation account for the increase in non-current lease incentives.

30 Equity

	2016	2015
	\$'000	\$'000
Contributed capital	22 612	22 612
Retained earnings	286 382	279 351
Asset revaluation surplus	339 606	290 657
Total equity	648 600	592 620

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

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

31 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	147 428	134 450
Balance as per the Statement of Cash Flows	147 428	134 450
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	30 423	57 734
Less revenues from SA Government	(156 140)	(141 670)
Add payments to SA Government	13 652	1 200
Add/less non-cash items		
Depreciation and amortisation	(20 297)	(20 861)
Capital work-in-progress expensed	(2 153)	(809)
(Loss) on disposal of non-current assets	(2 149)	(12 826)
Movements in assets and liabilities		
Increase/(decrease) in receivables	5 256	(20 434)
Increase in inventories	58	418
(Decrease)/increase in other assets	(6)	258
Decrease/(increase) in payables	2 065	(2 147)
(Increase) in employee benefits	(5 378)	(3 408)
(Increase)/decrease in provisions	(419)	473
(Increase)/decrease in other liabilities	(369)	443
Net cost of providing services	(135 457)	(141 629)

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

32 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits	5	-	-	160 552	147 694	160 552	147 694
Supplies and services	6						
Accommodation and property management		12 384	11 456	4 411	3 857	16 795	15 313
Consultants		-	-	218	165	218	165
Contractors		-	-	3 434	4 776	3 434	4 776
Cost of goods sold		-	-	1 634	1 674	1 634	1 674
Fee for service		3 082	2 471	18 838	23 737	21 920	26 208
General administration		8 180	3 324	2 489	8 801	10 669	12 125
Information technology & communication		3 033	2 456	6 480	6 511	9 513	8 967
Minor works, maintenance & equipment		263	363	3 910	6 800	4 173	7 163
Monitoring fees		-	-	110	143	110	143
Sand replenishment		-	-	3 303	3 140	3 303	3 140
Scientific and technical services		-	-	334	130	334	130
Transportation		-	-	334	373	334	373
Travel and accommodation		-	-	1 874	1 819	1 874	1 819
Vehicle and aircraft		3 507	3 300	1 283	2 257	4 790	5 557
Staff development		-	-	1 401	1 696	1 401	1 696
Other		-	347	3 406	3 335	3 406	3 682
Grants and subsidies	7	4 140	2 554	32 212	29 007	36 352	31 561
Water recovery / acquisition	8	-	-	807	738	807	738
Depreciation and amortisation	9	-	-	20 297	20 861	20 297	20 861
Net loss from the disposal of non-current assets	10	-	-	2 149	12 826	2 149	12 826
Other (excluding Auditors Remuneration)	11						
Bad and doubtful debts		-	-	60	201	60	201
Capital project costs not capitalised		-	-	2 153	809	2 153	809
Audit fees		-	-	-	26	-	26
Movement in Inventory		-	-	(129)	(229)	(129)	(229)
Other		-	-	2	-	2	-
Auditors remuneration	12	405	454	-	-	405	454
Total expenses		34 994	26 725	271 562	281 147	306 556	307 872

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

32 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Fees and charges	13						
Admissions and guided tours		-	-	8 882	8 353	8 882	8 353
Fees, levies and licences		-	-	2 499	2 467	2 499	2 467
Property rental and related income		250	-	5 832	6 085	6 082	6 085
Taxation revenue - River Murray rehabilitation levy		1 290	-	163	24 958	1 453	24 958
Service recoveries		17 556	17 128	-	-	17 556	17 128
Other property related income		-	-	10	212	10	212
Sale of goods		-	178	3 892	3 402	3 892	3 580
Sale of professional services		5 279	1 837	2 838	3 253	8 117	5 090
Sale of support services		10 543	4 456	3 130	2 409	13 673	6 865
Sale of spatial information		148	181	692	833	840	1 014
Sale of freehold titles		-	-	202	82	202	82
Grants	14	13 733	12 692	52 600	43 015	66 333	55 707
Interest	15	683	1 054	-	7	683	1 061
Other	16						
Insurance recoveries		-	-	28	38	28	38
Salaries and wages recoveries		32 064	33 295	435	-	32 499	33 295
Sponsorships, donations, commissions and bequests		-	-	114	19	114	19
Water sales		-	-	8 007	71	8 007	71
Other sundry revenue		-	-	229	218	229	218
Net Revenues from SA Government	17	142 488	140 470	-	-	142 488	140 470
Total income		224 034	211 291	89 553	95 422	313 587	306 713
Financial assets							
Receivables	19						
Receivables		7 218	5 213	6 771	2 727	13 989	7 940
Accrued revenues		-	-	58	87	58	87
GST input tax recoverable		-	-	4 056	4 785	4 056	4 785
Workers compensation recoveries		-	-	48	83	48	83
Other financial assets	21						
Prepaid supplies and services		-	-	1 245	1 253	1 245	1 253
Other		-	-	6	4	6	4
Equity in listed entities	22	-	-	3	3	3	3
Total financial assets		7 218	5 213	12 187	8 942	19 405	14 155
Financial liabilities							
Payables	26						
Accrued expenses		412	489	503	659	915	1 148
Creditors		4 552	4 615	13 568	17 245	18 120	21 860
Employment on-costs		3 049	2 787	3 071	2 614	6 120	5 401
Paid Parental Leave Scheme payable		-	-	25	29	25	29
Other liabilities	29						
Lease incentive		21 956	-	-	115	21 956	115
Unearned revenue		-	-	101	136	101	136
Deposits held		-	-	465	-	465	-
Other		-	-	254	57	254	57
Total financial liabilities		29 969	7 891	17 987	20 855	47 956	28 746

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

33 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

Statement of Comprehensive Income	Note	Original budget¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Expenses				
Employee benefits		148 089	160 552	12 463
Supplies and services	a	117 567	83 908	(33 659)
Grants and subsidies		37 097	36 352	(745)
Water recovery / acquisition		-	807	807
Depreciation and amortisation		21 042	20 297	(745)
Net loss from disposal of non-current assets		-	2 149	2 149
Other		5 677	2 491	(3 186)
Total expenses		329 472	306 556	(22 916)
Income				
Fees and charges	b	49 037	63 206	14 169
Grants	c	49 564	66 333	16 769
Interest		124	683	559
Other		39 178	40 877	1 699
Total income		137 903	171 099	33 196
Net cost of providing services		191 569	135 457	(56 112)
Revenues from / payments to SA government				
Revenues from SA government		155 185	156 140	955
Payments to SA government		-	(13 652)	(13 652)
Total net revenues from SA Government		155 185	142 488	(12 697)
Net result		(36 384)	7 031	43 415
Other comprehensive income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	48 949	48 949
Total other comprehensive income		-	48 949	48 949
Total comprehensive result		(36 384)	55 980	92 364

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- The lower actual expenditure in comparison to original budget is due to the carry forward of significant funds which are largely associated with Commonwealth funded programs – this expenditure is now expected to occur in the next financial year.
- The variance is due largely to an increase in the sale of support services, and revenue in relation to drilling in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

33 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

- c. The variance is largely due to an increase in funding for Commonwealth programs (e.g. South Australian Riverland Floodplain Integrated Infrastructure Program). This revenue will fund expenditure expected to be incurred in the next financial year.

Investing expenditure summary	\$'000	\$'000	\$'000
Total existing projects	7 973	7 569	(404)
Total annual program	10 264	8 687	(1 577)
Total investing expenditure	18 237	16 256	(1 981)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

34 Unrecognised contractual commitments

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2016	2015
	\$'000	\$'000
Within one year	8 583	11 241
Later than one year but not longer than five years	25 327	12 294
Later than five years	42 608	17 232
Total operating lease commitments	76 518	40 767

The operating leases held by DEWNR are related to property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and DEWNR has the right of renewal. There are no existing or contingent rental provisions.

During the 2015-16 financial year, DEWNR received lease incentives for a newly leased property amounting to \$25.68 million. After fit-out costs (\$22.099 million), the remaining lease incentive (\$3.545 million) is being amortised over the life of the lease.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is payable as follows:

	2016	2015
	\$'000	\$'000
Within one year	8 474	2 250
Total capital commitments	8 474	2 250

DEWNR's capital commitments include amounts associated with the South Australian Riverland Floodplains Integrated Infrastructure Program (SARFIIP) (\$7.324 million) and the Kangaroo Island Multi-Day Walk (\$1.150 million). In 2014-15, capital commitments comprised Kangaroo Island Multi-Day Walk (\$2.250 million).

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2016	2015
	\$'000	\$'000
Within one year	19 444	19 054
Later than one year but not longer than five years	50 117	48 189
Total expenditure commitments	69 561	67 243

DEWNR's expenditure commitments are for contributions to the Murray Darling Basin Authority.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

35 Contingent assets and liabilities

DEWNR is not aware of the existence of any contingent assets.

At the time of this report the outcomes of any pending legal cases are not known and the effects are not quantifiable.

The Minister has a statutory obligation under the *Upper South East Dryland Salinity and Flood Management Act 2002* (USE Act) to consider landholders' requests for compensation and pay landholders, if it is deemed that they are entitled to compensation. As at reporting date, the outcomes of any compensation claims that have been lodged by eligible landholders are not known and the effects are not quantifiable.

36 Remuneration of board and committee members

Members of the boards and committees during the 2015-16 financial year were:

South Australian Heritage Council

Beazley S L
Carr J M *
Donaldson R T
Hartnell C C (retired 14/10/15)
Leydon G J
MacKinnon A G
Queale M W
Schulz J
Wigg C A
Ben Kahn A (acting member)

Kangaroo Management Reference Group

Ackland T M	Neal J
Ashby D (retired 31/12/15)	Stringer J * (ex-officio)
Borda R	Smith C (retired 31/12/15)
Dunn E * (retired 31/12/15)	Tansell G
Evans D (retired 31/12/15)	Turner M (retired 31/12/15)
Gerschwitz T * (ex-officio)	Wigg T * (ex-officio)
Lewis A G	Winen M
McBride M P (retired 31/12/15)	Wright L (retired 31/12/15)
Milne T (retired 31/12/15)	Agius Q L B (appointed 01/04/16)
Mould J (retired 31/12/15)	De Preu N D (appointed 01/04/16)
Moore M *	Slade K L (appointed 01/04/16)
Williams S L (appointed 01/04/16)	Dean P * (ex-officio)
Warwick R M (appointed 01/04/16)	

Witjira National Park Board of Management

Ah Chee A	Fuschtei V T N
Ah Chee M R	Tjami R (appointed 01/11/15)
Magor A B *	Pelton G A *
Miller H * (appointed 01/11/15)	Doolan D (appointed 31/01/14)
Walton J (retired 30/10/15)	
McKenzie V C (deputy, appointed 01/11/15)	

Ngaut Ngaut Conservation Park Co-management Board

Campbell I M
Campbell I L
Dominelli S T *
Gillen P G *
Hutchinson C M
Tesoriero J *

Vulkathunha-Gammon Ranges National Park Cooperative Management Committee

Coulthard C C (retired 06/11/15)	Toscano M *
Coulthard J M	Paul S A M *
Coulthard R R (retired 06/11/15)	Naismith T L *
Loan L M (appointed 07/11/15)	Anderson M F G
Mooney P A * (retired 06/11/15)	McKenzie P J
Johnson K W (appointed 07/11/15)	

Pastoral Board

Bellette K J
Johnson A W *
Lillecrapp D G
Linton V M *
Mills G D
Mould J A

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

36 Remuneration of board and committee members (continued)

Animal Welfare Advisory Committee

Evans D L (retired 31/12/15)
Hazel S J
Noonan D E
Peters M D * (observer)
Basham D K B
Moses K D
Warren P S
Mussell R I
Tilbrook A J *
Lewis A G (appointed 03/02/16)

Premier's Climate Change Council

Bellette K J
Carter B J
Degaris R H
Foster B J
Halsey N M
O'Brien J K
Tucker M
Pitcher S J *
Russell D E * (appointed 24/08/15)

**Nullarbor Wilderness Protection Area
Co-Management Advisory Committee**

Miller D
Lawrie C L
Anderson M J *
Graham J K (retired 15/04/16)
Keen S F *
Kerdel K *
Reynolds B (retired 06/11/15)
Ward M J *
Miller N (deputy; appointed 16/11/15)
Peel J

YYP A Committee Coongie Lakes National Park

Allen C	Elliot T (appointed 15/06/16)
Bottrell T F (retired 09/12/15)	Gallo T (appointed 15/06/16)
Dodd L * (retired 14/06/16)	Dahl E S * (appointed 15/06/16)
Haynes J M (retired 09/12/15)	Gates J * (appointed 15/06/16)
Linton V M *	Gregg-Smith J * (appointed 15/06/16)
Magor A B * (retired 14/06/16)	Haynes A M (deputy; retired 09/12/15)
Singleton R *	

Yumbarra Conservation Park Co-management Board

Haseldine S R
Newchurch W (deputy)
Miller L G
Miller W
Roberts E
Graham J K (retired 15/04/16)
Anderson M J *
Keen S F *
Ward M J *

Arabana Parks Advisory Committee

Blaylock K J *
Gill F J *
Gotch T B *
Millera V J (deputy)
Stuart A C
Stuart D
Warren J

**Flinders Ranges National Park Co-Management
Board**

Barker M * (appointed 10/02/16)
Bromley H (retired 06/11/15)
Coulthard G M *
Coulthard T C (appointed 10/02/16)
Loan L M *
McMillan K A (retired 06/11/15)
Paul S A M *
Schutz J E **
Sellar A H (retired 06/11/15)
Waye C I (appointed 10/02/16)
Wilton A L (appointed 10/02/16)
Wilton S M (retired 06/11/15)

* Denotes government employees

** Denotes statutory employee

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

36 Remuneration of board and committee members (continued)

The number of members whose remuneration received/receivable falls within the following bands:

	2016	2015
	Number of	Number of
	members	members
\$nil	53	84
\$1 - \$9 999	67	95
\$10 000 - \$19 999	6	7
\$20 000 - \$29 999	1	1
Total number of members	127	187

Individuals may be members of more than one Board, Committee or Group associated with DEWNR.

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and super contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$190 000 (2015: \$204 000).

* In accordance with the Premier and Cabinet's Circular Number 16, government employees did not receive any remuneration for board/committee duties during the financial year. The exception being Ms Glenise Coulthard (Flinders Ranges National Park Co-Management Board), who was granted an exemption by the Chief Executive of the Department of the Premier and Cabinet.

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

37 Events after the reporting period

DEWNR is not aware of any event occurring after balance date that would materially affect the financial statements.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

38 Financial risk management/financial instruments

38.1 Financial risk management

Risk management is managed by DEWNR's corporate services section and departmental 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*.

DEWNR is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

38.2 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 note 2.

Refer note 38.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables; and payables measured at cost.

DEWNR does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 19 and 26).

38.3 Liquidity risk

Liquidity risk arises from the possibility that DEWNR is unable to meet its financial obligations as they fall due. DEWNR is funded principally from appropriations by the SA Government. DEWNR works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. DEWNR settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

DEWNR's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in note 38.3 represent DEWNR's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by DEWNR including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

Table 38.3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2016 Carrying amount/fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	18	147 428	147 428	-	-	-
Receivables ⁽¹⁾⁽²⁾	19	14 047	14 047	-	-	-
Financial assets	22	3	-	3	-	-
Total financial assets		161 478	161 475	3	-	-
Financial liabilities						
Payables ⁽¹⁾	26	18 623	18 623	-	-	-
Total financial liabilities		18 623	18 623	-	-	-
Category of financial asset and financial liability	Notes	2015 Carrying amount/fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	18	134 450	134 450	-	-	-
Receivables ⁽¹⁾⁽²⁾	19	8 027	8 027	-	-	-
Financial assets	22	3	-	3	-	-
Total financial assets		142 480	142 477	3	-	-
Financial liabilities						
Payables ⁽¹⁾	26	22 543	22 543	-	-	-
Total financial liabilities		22 543	22 543	-	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 21 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

38.4 Credit risk

Credit risk arises when there is the possibility of DEWNR's debtors defaulting on their contractual obligations resulting in financial loss to DEWNR. DEWNR measures credit risk on a fair value basis and monitors risk on a regular basis.

DEWNR has minimal concentration of credit risk. DEWNR has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. DEWNR does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by DEWNR.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 38.3 represents DEWNR's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 38.4 Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016						
Receivables ⁽¹⁾	14 047	11 718	212	210	1 907	(489)
Financial assets	3	3	-	-	-	-
2015						
Receivables ⁽¹⁾	8 027	6 105	478	179	1 265	(435)
Financial assets	3	3	-	-	-	-

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to government). They are carried at cost.

38.5 Market risk

Market risk for DEWNR is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities. DEWNR'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.

DEWNR does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. DEWNR does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in T1 23 *Management of Foreign Currency Exposures*.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of DEWNR as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

39 South Australian Heritage Fund

The South Australian Heritage Fund (formerly the "State Heritage Fund") was established under the *Heritage Places Act 1993* to conserve places of heritage value. The revenues, expenses, assets, liabilities, changes in equity and cash flows of the Fund are disclosed below. It is noted that these amounts also form part of and are incorporated within DEWNR's financial statements. When incorporating these amounts into DEWNR's financial statements all transactions between the Fund and DEWNR have been eliminated.

Statement of Comprehensive Income for the Year Ended 30 June 2016	2016	2015
	\$'000	\$'000
Expenses		
Supplies and services	1	-
	<u>1</u>	<u>-</u>
Net cost of providing services	<u>1</u>	<u>-</u>
Revenues from SA Government	-	-
Net result	<u>(1)</u>	<u>-</u>

Statement of Financial Position as at 30 June 2016	2016	2015
	\$'000	\$'000
Current assets		
Cash	349	350
	<u>349</u>	<u>350</u>
Total assets	<u>349</u>	<u>350</u>
Net assets	<u>349</u>	<u>350</u>
Equity		
Retained earnings	349	350
Total equity	<u>349</u>	<u>350</u>

Statement of Changes in Equity for the Year Ended 30 June 2016	Retained Earnings	Total
	\$'000	\$'000
Balance at 1 July 2014	350	350
Net result for 2014-15	-	-
Balance at 30 June 2015	<u>350</u>	<u>350</u>
Net result for 2015-16	(1)	(1)
Balance at 30 June 2016	<u>349</u>	<u>349</u>

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

39 South Australian Heritage Fund (continued)

Statement of Cash Flows for the Year Ended 30 June 2016	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Cash outflows		
Payments for supplies and services	(1)	-
Total Cash used in operations	(1)	-
Cash generated from SA Government	-	-
Net cash (used in)/provided by operating activities	(1)	-
Cash at the beginning of the period	350	350
Cash at the end of the period	349	350

40 General Reserves Fund

The General Reserves Fund (the Fund) was established under section 45 of the *National Parks and Wildlife Act 1972* (the Act) to perform duties in relation to the development and management of reserves. Reserves include any national park, conservation park, game reserve, recreation park or regional reserve constituted under the Act. The functions of the Fund are to undertake programs that are directed to achieving the objectives prescribed in section 37 of the Act, through the operation of a Fund account. The Fund provisions are used as the mechanism to provide expanded visitor facilities and services to the park. The revenues, expenses, assets, liabilities, changes in equity and cash flows of the Fund are disclosed below. It is noted that these amounts also form part of and are incorporated within DEWNR's financial statements. When incorporating these amounts into DEWNR's financial statements all transactions between the Fund and DEWNR have been eliminated.

Statement of Comprehensive Income for the Year Ended 30 June 2016	2016 \$'000	2015 \$'000
Expenses		
Supplies and services	9	7
Grants and subsidies	13 860	13 248
Other	9	9
	13 878	13 264
Income		
Fees and charges	13 838	13 195
Interest	26	34
Other	14	35
	13 878	13 264
Net cost of providing services	-	-
Net result	-	-

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

40 General Reserves Fund (continued)

Statement of Financial Position as at 30 June 2016

	2016	2015
	\$'000	\$'000
Current assets		
Cash and cash equivalents	1 360	1 642
Receivables	999	632
Total current assets	2 359	2 274
Total assets	2 359	2 274
Current liabilities		
Payables	9	9
Other	85	-
Total current liabilities	94	9
Total liabilities	94	9
Net assets	2 265	2 265
Equity		
Retained earnings	2 265	2 265
Total equity	2 265	2 265

Statement of Changes in Equity for the Year Ended 30 June 2016

	Retained Earnings	Total
	\$'000	\$'000
Balance at 1 July 2014	2 265	2 265
Net result for 2014-15	-	-
Balance at 30 June 2015	2 265	2 265
Net result for 2015-16	-	-
Balance at 30 June 2016	2 265	2 265

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
for the period ended 30 June 2016

40 General Reserves Fund (continued)

Statement of Cash Flows for the Year Ended 30 June 2016	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Cash outflows		
Payments for supplies and services	(9)	(7)
Payments of grants and subsidies	(13 860)	(13 248)
Other payments	(9)	(9)
Total Cash used in operations	(13 878)	(13 264)
Cash inflows		
Fees and charges	13 555	13 325
Interest received	27	34
Other receipts	14	35
Total Cash used in operations	13 596	13 394
Net cash (used in)/provided by operating activities	(282)	130
Cash at the beginning of the period	1 642	1 512
Cash at the end of the period	1 360	1 642

Department of Environment, Water and Natural Resources
Statement of Administered Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits		323	299
Supplies and services		122	237
Grants and subsidies	A5	48 614	48 433
Depreciation		-	2
Expenses associated with joint operation	A12	10 494	11 272
Other		2 093	(133)
Total expenses		61 646	60 110
Income			
Fees and charges	A6	14 605	17 345
Grants	A7	14 112	17 311
Income associated with joint operation	A12	21 888	34 917
Interest		100	110
Net gain from the disposal of non-current assets		692	2 889
Total Income		51 397	72 572
Net cost of providing services		10 249	(12 462)
Revenues from / payments to SA Government			
Revenues from SA Government	A8	19 179	17 805
Payments to SA Government	A8	(1 676)	(9 951)
Total net revenues from SA Government		17 503	7 854
Net result		7 254	20 316
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	A11	16 254	16 541
Total other comprehensive income		16 254	16 541
Total comprehensive result		23 508	36 857

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	A9	6 434	6 505
Receivables	A10	6 481	8 712
Total current assets		12 915	15 217
Non-current assets			
Property, plant and equipment	A11	1 358 351	794 756
Intangibles	A12	148 097	129 433
Total non-current assets		1 506 448	924 189
Total assets		1 519 363	939 406
Current liabilities			
Payables		3 519	2 914
Total current liabilities		3 519	2 914
Total liabilities		3 519	2 914
Net assets		1 515 844	936 492
Equity			
Asset revaluation surplus		177 804	159 632
Retained earnings		1 338 040	776 860
Total equity		1 515 844	936 492

The total equity is attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2014		392 007	504 773	896 780
Error correction - interest in joint operation	A12	(250 847)	252 317	1 470
Restated balance at 30 June 2014		141 160	757 090	898 250
Net result for 2014-15		-	20 316	20 316
Changes in property, plant and equipment asset revaluation surplus	A11	16 541	-	16 541
Total comprehensive result for 2014-15		16 541	20 316	36 857
Balance at 30 June 2015		157 701	777 406	935 107
Error correction - property, plant and equipment	A11	1 931	(546)	1 385
Restated balance at 30 June 2015		159 632	776 860	936 492
Opening balance at 1 July 2015		159 632	776 860	936 492
Error correction - Crown lands	A11	1 918	553 926	555 844
Restated opening balance at 1 July 2015		161 550	1 330 786	1 492 336
Net result for 2015-16		-	7 254	7 254
Changes in property, plant and equipment asset revaluation surplus	A11	16 254	-	16 254
Total comprehensive result for 2015-16		16 254	7 254	23 508
Balance at 30 June 2016		177 804	1 338 040	1 515 844

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Department of Environment, Water and Natural Resources
Statement of Administered Cash Flows
as at 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(323)	(299)
Payments for supplies and services		(122)	(237)
Payments of grants and subsidies		(48 009)	(48 462)
Cash used in operations		(48 454)	(48 998)
Cash inflows			
Fees and charges		14 605	17 345
Receipts from grants		14 250	13 710
Interest received		100	110
Cash generated from operations		28 955	31 165
Cash flows from SA government			
Receipts from SA government		19 179	17 805
Payments to SA government		(1 676)	(19 838)
Cash generated from SA government		17 503	(2 033)
Net cash (used in) operating activities	A9	(1 996)	(19 866)
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		1 925	2 889
Net cash (used in) investing activities		1 925	2 889
Net (decrease) in cash and cash equivalents		(71)	(16 977)
Cash and cash equivalents at the beginning of the period		6 505	23 482
Cash and cash equivalents at the end of the period	A9	6 434	6 505

The above statement should be read in conjunction with the accompanying notes.

Department of Environment, Water and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2016

	Crown Lands		Minister's Other Payments		Special Acts Allocation	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	-	3	-	-	323	296
Supplies and services	122	237	-	-	-	-
Grants and subsidies	157	688	15 787	13 891	-	-
Depreciation	-	2	-	-	-	-
Expenses associated with joint operation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	279	930	15 787	13 891	323	296
Income						
Fees and charges	19	8	-	-	-	-
Grants	-	143	-	-	-	-
Income associated with joint operation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Net gain from disposal of land held for sale	692	2 889	-	-	-	-
Total income	711	3 040	-	-	-	-
Net cost of / (benefit from) providing services	(432)	(2 110)	15 787	13 891	323	296
Revenues from / payments to SA Government						
Revenues from SA Government	-	688	15 836	13 899	318	296
Payments to SA Government	(1 676)	(9 701)	-	-	-	-
Total net revenues from SA Government	(1 676)	(9 013)	15 836	13 899	318	296
Net result	(1 244)	(6 903)	49	8	(5)	-
Other comprehensive income						
Changes in property, plant and equipment asset revaluation surplus	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive result	(1 244)	(6 903)	49	8	(5)	-

Department of Environment, Water and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2016

	Caring for Our Country		Natural Heritage Trust		NRM Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Grants and subsidies	14 248	17 014	-	221	18 422	16 619
Depreciation	-	-	-	-	-	-
Expenses associated with joint operation	-	-	-	-	-	-
Other	-	-	-	-	2 093	(133)
Total expenses	14 248	17 014	-	221	20 515	16 486
Income						
Fees and charges	-	-	-	-	14 590	17 337
Grants	14 112	17 168	-	-	-	-
Income associated with joint operation	-	-	-	-	-	-
Interest	11	15	-	-	88	94
Net gain from disposal of land held for sale	-	-	-	-	-	-
Total income	14 123	17 183	-	-	14 678	17 431
Net cost of / (benefit from) providing services	125	(169)	-	221	5 837	(945)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	3 011	2 908
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	3 011	2 908
Net result	(125)	169	-	(221)	(2 826)	3 853
Other comprehensive income						
Changes in property, plant and equipment asset revaluation surplus	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive result	(125)	169	-	(221)	(2 826)	3 853

Department of Environment, Water and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2016

	Pastoral Board		National Action Plan for Salinity and Water Quality		Qualco Sunlands	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Expenses associated with joint operation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-
Income						
Fees and charges	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Income associated with joint operation	-	-	-	-	-	-
Interest	-	-	1	1	-	-
Net gain from disposal of land held for sale	-	-	-	-	-	-
Total income	-	-	1	1	-	-
Net cost of / (benefit from) providing services	-	-	(1)	(1)	-	-
Revenues from / payments to SA Government						
Revenues from SA Government	14	14	-	-	-	-
Payments to SA Government	-	-	-	-	-	(250)
Total net revenues from SA Government	14	14	-	-	-	(250)
Net result	14	14	1	1	-	(250)
Other comprehensive income						
Changes in property, plant and equipment asset revaluation surplus	-	10 656	-	-	-	-
Total other comprehensive income	-	10 656	-	-	-	-
Total comprehensive result	14	10 670	1	1	-	(250)

Department of Environment, Water and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2016

	DEWNR Corporate Admin Items		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses				
Employee benefits	-	-	323	299
Supplies and services	-	-	122	237
Grants and subsidies	-	-	48 614	48 433
Depreciation	-	-	-	2
Expenses associated with joint operation	10 494	11 272	10 494	11 272
Other	-	-	2 093	(133)
Total expenses	10 494	11 272	61 646	60 110
Income				
Fees and charges	(4)	-	14 605	17 345
Grants	-	-	14 112	17 311
Income associated with joint operation	21 888	34 917	21 888	34 917
Interest	-	-	100	110
Net gain from disposal of land held for sale	-	-	692	2 889
Total income	21 884	34 917	51 397	72 572
Net cost of / (benefit from) providing services	(11 390)	(23 645)	10 249	(12 462)
Revenues from / payments to SA Government				
Revenues from SA Government	-	-	19 179	17 805
Payments to SA Government	-	-	(1 676)	(9 951)
Total net revenues from SA Government	-	-	17 503	7 854
Net result	11 390	23 645	7 254	20 316
Other comprehensive income				
Changes in property, plant and equipment asset revaluation surplus	16 254	5 885	16 254	16 541
Total other comprehensive income	16 254	5 885	16 254	16 541
Total comprehensive result	27 644	29 530	23 508	36 857

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

Administered items of the Department of Environment, Water and Natural Resources

A1 Reporting entities and strategic context

The activities of the administered items are:

Crown Lands

Crown Lands is comprised of an account established by the Treasurer of South Australia to record receipts and payments associated with the sale of Crown land and other surplus South Australian government land and property. The net revenues from these sales are returned to the Department of Treasury and Finance's Consolidated Account.

Minister's other payments

Grants and subsidies payments of \$15.787 million (2015: \$13.891 million) approved by the Minister for Sustainability, Environment and Conservation were made to community organisations, associations and local government. This includes grants made to Zoo SA \$5.486 million (2015: \$5.365 million); Adelaide City Council \$1.486 million (2015: \$1.471 million); Stormwater Management Authority \$4.995 million (2015: \$4.873 million); South Eastern Water Conservation and Drainage Board \$2.237 million (2015: \$2.182 million); Native Vegetation Fund \$1.080 million (2015: nil); Coast Protection Fund \$0.503 million (2015: nil).

Special Acts Allocation

This item comprises salary and allowance payments for the Minister for Sustainability, Environment and Conservation.

Caring for our Country

The Caring for our Country Program is administered by the Commonwealth and South Australia Governments pursuant to clause 19(2) of the *Natural Heritage Trust of Australia Act 1997* (Commonwealth) and Section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (Commonwealth).

In March 2008 the Commonwealth announced Caring for our Country as an ongoing and integrated program, bringing together the delivery of the Natural Heritage Trust, National Landcare Program, Environmental Stewardship and Working on Country Programs. This program is fully Commonwealth funded and disbursed based on Commonwealth approval.

The goal of Caring for our Country is to provide an environment that is healthy, better protected, well-managed, resilient and provides essential ecosystem services in a changing climate. Caring for our Country has six National Priority Areas for Investment:

- (a) a national reserve system
- (b) biodiversity and natural icons
- (c) coastal environments and critical aquatic habitats
- (d) sustainable farm practices
- (e) natural resource management in remote and northern Australia
- (f) community skills, knowledge and engagement.

Natural Resources Management Fund

The Natural Resources Management Fund (NRM Fund) was established pursuant to subsection 117(1) of the *Natural Resources Management Act 2004* (NRM Act). The Minister for Sustainability, Environment and Conservation administers the NRM Fund and may apply any part of the NRM Fund in making payments to the regional NRM Boards; in paying subsidies or making grants or other payments to NRM authorities or other persons or bodies for the purposes of the NRM Act. This may also include making any payment required, or authorised by or under the NRM Act or any other law. The balance of the NRM Fund at 30 June was \$2.317 million (2015: \$2.289 million).

Some activities have been restructured to assist in the interpretation of the financial transactions relating to the NRM Fund.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A1 Reporting entities and strategic context (continued)

Natural Resources Management Boards

The Natural Resources Management Boards (NRM Boards) were established pursuant to subsection 23(1) of the NRM Act. DEWNR various revenues and expenses on account of the NRM Boards.

Specific provisions of the NRM Act require that the following revenues be paid into the NRM Fund prior to being applied for the purposes of the NRM Act:

- government appropriations (controlled and administered allocated in respect of the regional NRM Boards)
- water levies
- penalties relating to water levies
- expiation fees and other penalties.

(i) Government appropriations

DEWNR receives recurrent funding, which is administered through the NRM Fund and provided to regional NRM Boards to support business operations and the administration of the NRM Act.

	2016	2015
	\$'000	\$'000
Regional NRM Board		
Alinyjara Wilurara NRM Board	1 029	994
Kangaroo Island NRM Board	1 029	994
South Australian Arid Lands NRM Board	953	920
	3 011	2 908

(ii) Water levies

Water levies are collected for prescribed water resources under section 101 of the NRM Act. The levies are subsequently paid to the regional NRM Boards pursuant to subsection 116(1)(a)(ii)(A) of the NRM Act.

(iii) Penalties

Penalties declared in relation to the unauthorised or unlawful taking or use of water were raised pursuant to section 115 of the NRM Act.

(iv) Expiation fees and other penalties

Expiation fees and penalties are recovered in respect of offences against the NRM Act (e.g. for unlawful possession of animals or plants). Unlike penalties declared under section 115 of the NRM Act, they are not required to be paid to regional NRM Boards.

Pastoral Board

The Pastoral Board is responsible for the administration of the *Pastoral Land Management and Conservation Act 1989*. The Board provides advice to the Minister for Sustainability, Environment and Conservation on the policies that should govern the administration of pastoral land.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A1 Reporting entities and strategic context (continued)

National Action Plan for Salinity and Water Quality

The National Action Plan (NAP) is a bilateral agreement between the Commonwealth and SA Governments signed in 2001 providing funds to address issues associated with salinity and water quality in priority regions in South Australia. The Commonwealth and the SA Governments make progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties. Funding for NAP ceased on 30 June 2008 with the majority of projects completed by 31 December 2009.

The Commonwealth requested that the Commonwealth share of unspent funds held be returned and elected to allocate remaining funds held in the NAP holding account to existing State agency and Natural Resources Management Board competitive projects approved under the Caring for our Country Program in accordance with clause 13.2c and 20.4 of the 'Transitional Arrangement and Financial Agreement between the Australian Government and State of South Australia for implementation of Caring for our Country' during 2011-12.

Qualco Sunlands

The Ground Water (Qualco-Sunlands) Control Act 2000 established a scheme managed by a Trust to prevent, and reverse, the salinisation and water logging of horticultural land due to irrigation induced factors. Upon request from the Trust, DEWNR provides a temporary grant, sourced from the Department of Treasury and Finance (DTF), to carry out the specified works. The Trust facilitates the required work, and recharges irrigators for the work undertaken. Once fully collected, the Trust returns the temporary funds to DEWNR for on-passing back to DTF.

South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board was established pursuant to Division 1 of the South Eastern Water Conservation and Drainage Act 1992. DEWNR supplies funding to the Board on a quarterly basis. The funding is sourced from appropriations provided by DTF.

Stormwater Management Authority (SMA)

The SMA was established on 1 July 2007 under Schedule 1A of the *Local Government Act 1999* in accordance with and to implement the Stormwater Management Agreement dated 14 March 2006. The SMA's functions include to liaise with relevant public authorities to ensure the proper functioning of the State's stormwater management system; and to facilitate and co-ordinate stormwater management planning by local councils. DEWNR provides a resource to manage the day-to-day operations of the SMA – relevant costs are fully recovered from the SMA. DEWNR also supplies funding to the SMA on an annual basis. The funding is sourced from appropriations provided by DTF.

A2 Administered item's financial arrangements

The financial activities of the administered items are conducted through a number of deposit accounts with DTF pursuant to the *Public Finance and Audit Act 1987*. The financial activities of Administered Items that do not have their own deposit account are conducted through the DEWNR's deposit account.

DEWNR conducts a large number of activities directed towards meeting the administered items objectives and responsibilities as specified in the legislation and/or other authoritative documentation that establishes the administered items. Many of the administered items, in accordance with the Acts, have delegated certain functions to officers within DEWNR who provide technical and administrative support including the use of plant and equipment, office accommodation and various administrative services. The cost of the services provided that can be identified with the activities of the administered items and can be measured reliably are met by the administered items. Other support services that are not identifiable and/or cannot be measured reliably are provided free of charge and have not been recognised in the Administered Financial Statements.

A3 Administered item's summary of significant accounting policies

The Administered Financial Statements detail the sum of the individual administered items revenues, expenses, assets, liabilities, changes in equity and cash flows. As such the principles of consolidation have not been applied in preparing the financial statements as the definition of an economic entity has not been satisfied. Accordingly, transactions between the individual administered items have not been eliminated.

In general, the administered items adopt the accounting policies of DEWNR, as detailed in note 2 of DEWNR's financial statements. Deviations from these policies are as follows:

Property, plant and equipment

Property, plant and equipment includes land. DEWNR is the custodian of unallotted (unalienated) Crown Land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Unallotted Crown Land has been included in DEWNR's Statement of Administered Financial Position for the first time as at the end of the current reporting period. Land dedicated to the Minister and held by the Minister, either as freehold or reverted land, is also recognised as administered land. Administered lands may be subject to third party perpetual leases and other leases and annual licenses.

Refer to note A11 for further information on the treatment and valuation of land.

Employee benefits

In general, administered items utilise the services of contractors or DEWNR employees rather than recruiting and appointing employees in their own right. In the majority of cases, the services provided by DEWNR employees are provided free of charge. If, however, the services provided by DEWNR employees are directly attributable to the activities of an administered item and can be reliably measured, the services are charged to the administered item on a fee for service (cost recovery) basis. The liability for employee benefits arising from services rendered by DEWNR employees is not recognised in the administered financial statements as DEWNR is obligated to pay employees for services provided. Accordingly, employee benefits are recognised in DEWNR's financial statements.

Net gain from disposal of non-current assets

The net gain from disposal of non-current assets is determined by comparing proceeds with carrying amount. Given a suitable methodology for determining a reliable measure of the value of unallotted Crown Land has only been introduced in the current reporting period, DEWNR has calculated net gains from unallotted Crown Land disposals based on a nil carrying value.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A4 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between restated budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the restated budgeted amount and 5 per cent of restated budgeted total expenses.

		Original ¹ Budget 2016	Restated ² Budget 2016	Actual 2016	Variance 2016
		\$'000	\$'000	\$'000	\$'000
Statement of Administered Comprehensive					
Income	Note				
Expenses					
Employee benefits		485	301	323	22
Supplies and services		4 951	433	122	(311)
Grants and subsidies		46 997	45 021	48 614	3 593
Depreciation		3 606	-	-	-
Expenses associated with joint operation	a	-	-	10 494	10 494
Other		5 097	848	2 093	1 245
Total expenses		61 136	46 603	61 646	15 043
Income					
Fees and charges		16 665	13 371	14 605	1 234
Grants		15 971	13 612	14 112	500
Income associated with joint operation	a	-	-	21 888	21 888
Interest		333	-	100	100
Net gain from the disposal of non-current assets		-	-	692	692
Other		513	250	-	(250)
Total income		33 482	27 233	51 397	24 164
Net cost of providing services		27 654	19 370	10 249	(9 121)
Net revenues from / payments to SA Government					
Revenues from SA government		19 384	19 384	19 179	(205)
Payments to SA government		-	(3 533)	(1 676)	1 857
Total net revenues from SA Government		19 384	15 851	17 503	1 652
Net result		(8 270)	(3 519)	7 254	10 773
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus	a	-	-	16 254	16 254
Total comprehensive income		-	-	16 254	16 254
Total comprehensive result		(8 270)	(3 519)	23 508	27 027

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A4 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

² The original budget has been restated to reflect the removal of the Board of the Botanic Gardens and State Herbarium; the Coast Protection Board; the Dog and Cat Management Board; the Native Vegetation Fund and the South Eastern Water Conservation and Drainage Board from the DEWNR administered financial statements.

- a. This variance is due to the non-budgeting of impacts from the gain on revaluation of the interest in the joint operation realised during the year.

	Original ¹	Restated ²		
	Budget	Budget	Actual	Variance
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
Investing expenditure summary				
Total new projects	-	-	-	-
Total existing projects	-	-	-	-
Total annual program	442	4	-	(4)
Total investing expenditure	442	4	-	(4)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

² The original budget has been restated to reflect the removal of South Eastern Water Conservation and Drainage Board from the DEWNR administered financial statements.

A5 Grants and subsidies

	2016	2015
	\$'000	\$'000
Caring for our Country	14 248	17 014
Crown Lands	157	688
Minister's Other Payments	15 787	13 891
Natural Heritage Trust	-	221
Payments to Natural Resource Management Boards	18 422	16 619
Total grants and subsidies	48 614	48 433

A6 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Water levies received from licence holders	14 055	13 011
Penalties	535	4 326
Crown Lands	19	8
DEWNR Corporate Administered Items	(4)	-
Total revenues from fees and charges	14 605	17 345

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A7 Grants revenues

	2016 \$'000	2015 \$'000
Caring for our Country	14 112	17 168
Crown Lands	-	143
Total grant revenues	14 112	17 311

A8 Revenues from / payments to SA Government

	2016 \$'000	2015 \$'000
Recurrent Appropriations	19 179	17 805
Payments to Consolidated Account	(1 676)	(9 951)
Total revenues from / payments to SA Government	17 503	7 854

A9 Administered cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Caring for our Country	536	660
Crown Lands	1 192	1 253
Natural Heritage Trust	142	142
Natural Resource Management Fund	2 317	2 289
Pastoral Board	85	71
National Action Plan for Salinity and Water Quality	36	35
Adelaide Dolphin Sanctuary	1	-
DEWNR's Corporate Administrative Items	2 125	2 055
Cash and cash equivalents disclosed in the Statement of Financial Position	6 434	6 505
Balance as per administered cash flows	6 434	6 505
Reconciliation of net cash provided by / used in operating activities to net result		
Net cash provided by operating activities	(1 996)	(19 866)
Less revenues from SA Government	(19 179)	(17 805)
Add payments to SA Government	1 676	9 951
Add/(less) Non-cash Items		
Depreciation expense of non-current assets	-	(2)
Expenses associated with joint operation	(10 494)	(11 272)
Income associated with joint operation	21 888	34 917
Net gain from disposal of land held for sale	692	2 889
Movements in assets and liabilities		
(Decrease)/increase in receivables	(2 231)	3 734
(Increase)/decrease in payables	(605)	9 916
Net cost of providing services	(10 249)	12 462

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A10 Receivables

	2016 \$'000	2015 \$'000
Receivables reflected as current assets at 30 June comprised the following		
Water levies	1 416	1 895
Penalties	4 884	6 973
Accrued interest	5	7
Other	740	41
Less Allowance for doubtful debts	(564)	(204)
Total receivables	6 481	8 712

A11 Property, plant and equipment

	2016 \$'000	2015 \$'000
Crown Land		
Independent valuation	589 849	35 238
Total Crown Land	589 849	35 238
Pastoral Land		
Independent valuation	54 116	54 116
Total Pastoral Land	54 116	54 116
Buildings and improvements		
At cost	19	19
Accumulated depreciation	(19)	(19)
Total buildings and improvements	-	-
Park infrastructure		
At cost	88	88
Accumulated depreciation	(88)	(88)
Total park infrastructure	-	-
Roads, tracks and trails		
At cost	6	6
Accumulated depreciation	(6)	(6)
Total roads, tracks and trails	-	-
Joint operation property, plant and equipment		
Joint operation property, plant and equipment	714 386	705 402
Total property, plant and equipment	1 358 351	794 756

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A11 Property, plant and equipment (continued)

Asset Revaluations

Crown Land

During the reporting period DEWNR independently revalued its Crown Land. The independent revaluation was undertaken by Certified Practising Valuers, Mr Mark Kay, Chief Valuer, State Valuation Office and Mr Greg McCloud, Acquisition & Procurement Valuer, State Valuation Office. A market based method was used by comparing property data to that of similar sales with consideration of restrictions on use and/or zoning, property size and shape, topography, location, sale date and market movement, if any, and other relevant factors specific to the land being valued.

Error correction – unallotted Crown Land

In accordance with the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, an error correction of \$553.926 million has been adjusted against retained earnings as at 1 July 2015, disclosed in the Administered Statement of Changes in Equity. This comprises an increase in the carrying value of the Crown Land assets. The error correction was required as a result of DEWNR completing a significant project to identify and value crown land tenements. Information was not available to be comprehensively verified nor valued in prior reporting periods, hence DEWNR determined that it was impractical to apply a retrospective restatement of prior year Crown Lands balances in either the Statement of Administered Financial Position or the Administered Statement of Changes in Equity.

Error correction – Other Crown land

In accordance with the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, an error correction of \$1.918 million has been adjusted against the asset revaluation surplus as at 1 July 2015, disclosed in the Administered Statement of Changes in Equity. This resulted in an increase in the carrying value of Crown Land assets. The error correction was required to correct the value of leased and licensed Crown Land. Information was not available to be comprehensively verified nor valued in prior reporting periods, hence DEWNR determined that it was impractical to apply a retrospective restatement of prior year Crown Lands balances in either the Statement of Administered Financial Position or the Administered Statement of Changes in Equity.

In addition, an error correction of \$1.931 million has been adjusted against asset revaluation surplus and \$0.546 million against retained earnings as at 30 June 2015, disclosed in the Administered Statement of Changes in Equity. This comprises a net increase in the carrying value of the Crown Land assets.

Movement reconciliation of property, plant and equipment

2016	Crown Land	Pastoral Land	Buildings & improvements	Park infrastructure	Joint operation PP&E	2016 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	35 238	54 116	-	-	705 402	794 756
Adjustment for Crown Lands not previously recognised	555 844	-	-	-	-	555 844
Restated opening balance at 1 July	591 082	54 116	-	-	705 402	1 350 600
Disposals	(1 233)	-	-	-	-	(1 233)
Joint operations net additions, disposal, other movements	-	-	-	-	(7 270)	(7 270)
Subtotal	(1 233)	-	-	-	(7 270)	(8 503)
Gains/(losses) for the period recognised in other comprehensive income:						
Net revaluation increment/(decrement)	-	-	-	-	16 254	16 254
Subtotal	-	-	-	-	16 254	16 254
Carrying amount at 30 June	589 849	54 116	-	-	714 386	1 358 351

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A11 Property, plant and equipment (continued)

2015	Crown Land	Pastoral Land	Buildings & improvements	Park infrastructure	Joint operation PP&E	2015 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	35 238	43 460	19	90	703 280	782 087
Disposals	-	-	(19)	(88)	-	(107)
Joint operations net additions, disposal, other movements	-	-	-	-	(3 763)	(3 763)
Subtotal	-	-	(19)	(88)	(3 763)	(3 870)
Gains/(losses) for the period recognised in net result:						
Depreciation and amortisation expense	-	-	-	(2)	-	(2)
Subtotal	-	-	-	(2)	-	(2)
Gains/(losses) for the period recognised in other comprehensive income:						
Net revaluation increment/(decrement)	-	10 656	-	-	5 885	16 541
Subtotal	-	10 656	-	-	5 885	16 541
Carrying amount at 30 June	35 238	54 116	-	-	705 402	794 756

A12 Interest in joint operation

The Minister, on behalf of the State of South Australia has an interest in a joint operation, the Murray-Darling Basin Authority (MDBA) represented by the River Murray Operations and the Living Murray Initiative.

On 3 July 2008, the Commonwealth Government and the Government of New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory (the participants) entered into the Intergovernmental agreement for the *Murray-Darling Basin Forms* (the Reform IGA). The Reform involved the government participants entering into a new *Murray-Darling Basin Agreement* (MDB Agreement) and the Intergovernmental Agreement on *Murray-Darling Basin Reform* - referral (the Referral IGA).

The MDB Agreement essentially dissolved the Murray-Darling Basin Commission (MDBC) and established the Murray-Darling Basin Authority (MDBA), Ministerial Council, Basin Officials Committee and the Basin Community Committee. Under the revised arrangement, the participants have a joint interest in the infrastructure assets and water rights. The state of South Australia's interest in the arrangement is 26.67 percent.

The MDBA was established under the Commonwealth *Water Act 2007* as an independent, expertise based statutory agency and are responsible for developing, implementing and monitoring the Basin Plans. The MDBA undertakes activities that support the sustainable and integrated management of the water resources of the Murray-Darling Basin in a way that meets the social, economic and environmental needs of the Basin and its communities.

Two unincorporated joint arrangements were established under the MDBA to hold assets on behalf of the participants through separate agreements called the "Asset Agreement for River Murray Operations Assets" (RMO) and the "Further Agreement on Addressing Over Allocation and Achieving Environmental Objectives in the Murray-Darling Basin - Control and Management of Living Murray Assets" (LMI). The principal place of the operation is in Australia. The participants are obliged to provide funding to the MDBA for the management of the RMO and LMI assets and operations.

The agreements in relation to the Murray Darling Basin Agreement joint arrangement require unanimous consent from all parties for all relevant activities. The participants own the infrastructure assets and water rights of the joint arrangements, which are being managed through the RMO and LMI and there are no liabilities held for either RMO and LMI. The arrangement is therefore classified as a joint operation and DEWNR recognises, on behalf of the state, its direct right to the jointly held assets, revenues and expenses based on the percentage interest as described in the table below.

Department of Environment, Water and Natural Resources
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A12 Interest in joint operation (continued)

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2016 %	2015 %
Murray Darling Basin Authority	To undertake activities that support the sustainable and integrated management of water resources of the Murray-Darling Basin	Australia	26.67%	26.67%
Joint operation assets, income and expenses accounted for using the proportionate consolidation method are detailed below				
			2016	2015
			\$'000	\$'000
Murray Darling Basin Authority				
Non-current assets				
Property, plant and equipment				
Infrastructure Assets			692 935	683 433
Work in Progress			15 970	16 350
Other property, plant and equipment assets			5 481	5 619
Intangibles - Water entitlements			148 097	129 433
Total non-current assets			862 483	834 835
Total assets			862 483	834 835
Income			21 888	34 917
Expenses			10 494	11 272

Refer note 7 of the DEWNR Controlled financial statements for details of the State's grant payment made to the MDBA.

The 2016 figures were based on RMO and LMI financial statements audited by Deloitte Touche Tohmatsu. The 2015 figures were based on RMO and LMI financial statements audited by the Australian National Audit Office.

Contingencies and commitments

There are no contingencies or commitments arising from DEWNR's interest in the joint operation.

Error correction

In accordance with the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, an error correction of \$250.847 million has been adjusted against asset revaluation surplus and retained earnings for 2013-14, disclosed in the Administered Statement of Changes in Equity. The error was due to a change from equity basis to proportionate consolidation method.

In addition, an error correction of \$1.470 million has been adjusted against retained earnings for 2013-14, disclosed in the Administered Statement of Changes in Equity. This comprises an increase in the carrying value of the joint operation net assets. The error correction was required as a result of DEWNR receiving final audited advice regarding the RMO net equity from the MDBA. This advice was received after management and the Auditor-General had signed off on DEWNR's 2013-14 financial statements.

A13 Contingent assets and liabilities

A contingent asset is acknowledged whereby the Minister for Water and the River Murray has an exclusive right to access 40ML per day from the Langhorne and Currency Creek pipeline. The Minister has not exercised this right. DEWNR is not aware of the existence of any other contingent liabilities.

Department of Environment, Water and Natural Resources Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of Environment, Water and Natural Resources:

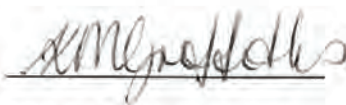
- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department of Environment, Water and Natural Resources as at 30 June 2016 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Department of Environment, Water and Natural Resources for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Sandy Pitcher
Chief Executive
Department of Environment,
Water and Natural Resources

16 September 2016



Michelle Griffiths
Chief Financial Officer
Department of Environment,
Water and Natural Resources

15 September 2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of Environment, Water and Natural Resources

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Environment, Water and Natural Resources for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- a Schedule of Administered Expenses and Income attributable to administered activities for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

The Chief Executive's responsibility for the financial report

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

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

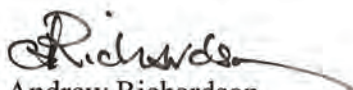
My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Department of Environment, Water and Natural Resources' website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department of Environment, Water and Natural Resources as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Unallotted Crown land error correction

I draw attention to note A11 which describes a \$553.9 million error correction to the administered financial statements to recognise unallotted Crown land assets as at 1 July 2015. Asset information was not available for prior reporting periods to enable restatement of comparative information in the financial report. The error correction was adjusted against retained earnings as at 1 July 2015.



Andrew Richardson

Auditor-General

20 September 2016

Flinders University of South Australia

Financial report
for the year ended
31 December 2015

Income Statement for the year ended 31 December 2015

		Consolidated		University	
	Note	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	230,381	227,513	230,381	227,513
HELP – Australian Government payments	3	93,349	89,468	93,349	89,468
State and local Government financial assistance	4	9,613	9,012	9,613	8,937
HECS-HELP - Student payments		8,111	8,230	8,111	8,230
Fees and charges	5	82,721	72,236	82,628	72,102
Investment revenue	6	7,812	9,588	8,505	9,410
Royalties, trademarks & licences	7	3,049	1,030	2,766	492
Consultancy and contracts	8	9,152	9,172	8,746	9,123
Other revenue	9	15,444	15,227	11,514	9,834
Share of profit or loss on investments accounted for using the equity method	21	417	641	-	-
Other income	9	427	-	427	-
Total income from continuing operations		460,476	442,117	456,040	435,109
Expenses from continuing operations					
Employee related expenses	10	293,980	290,176	288,908	284,593
Depreciation and amortisation	11	29,846	23,080	29,711	22,930
Repairs and maintenance	12	13,241	12,432	13,215	12,335
Borrowing Costs	13	370	459	370	459
Impairment of assets	14	305	285	384	282
Losses on disposal of assets	22	5,998	980	6,001	763
Investment losses	6	1,359	3,130	1,807	377
Other expenses	15	101,248	99,413	99,107	97,509
Total expenses from continuing operations		446,347	429,955	439,503	419,248
Net result for the year		14,129	12,162	16,537	15,861
Net result attributable to non-controlling interest		(154)	(54)	-	-
Net result attributable to members of The Flinders University of South Australia		14,283	12,216	16,537	15,861

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	Consolidated		University	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Net result for the year		14,129	12,162	16,537	15,861
Items that maybe reclassified to profit or loss					
Gain / (loss) on value of available for sale financial assets	29	7,142	224	5,233	(4,554)
Total		7,142	224	5,233	(4,554)
Items that will not be reclassified to profit or loss					
Gain / (loss) on revaluation of land, buildings, library and artwork	29	-	(1,940)	-	(1,242)
Total		-	(1,940)	-	(1,242)
Total comprehensive income		21,271	10,446	21,770	10,065
Total comprehensive income attributable to non-controlling interest		(154)	(54)	-	-
Total comprehensive income attributable to the University		21,425	10,500	21,770	10,065
Total comprehensive income attributable to members of The Flinders University of South Australia		21,271	10,446	21,770	10,065

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 December 2015

	Note	Consolidated		University	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Current assets					
Cash and cash equivalents	16	46,766	27,999	45,576	26,628
Receivables	17	22,037	23,619	22,072	23,521
Inventories	18	387	434	241	250
Other financial assets	19	9,375	49,546	9,375	49,546
Other non-financial assets	20	8,145	8,121	8,119	8,095
Total current assets		86,710	109,719	85,383	108,040
Non-current assets					
Receivables	17	48,927	52,005	48,927	52,005
Investments accounted for using the equity method	21	863	974	-	-
Other financial assets	19	56,305	49,025	57,622	51,662
Property, plant and equipment	22	587,098	545,676	586,199	544,719
Investment property	23	8,300	9,203	8,300	9,203
Intangible assets	24	17,762	12,873	16,992	12,069
Other non-financial assets	20	6,441	6,537	6,441	6,537
Total non-current assets		725,696	676,293	724,481	676,195
Total assets		812,406	786,012	809,864	784,235
Liabilities					
Current liabilities					
Trade and other payables	25	35,180	28,658	33,325	27,653
Borrowings	26	1,643	1,549	1,643	1,549
Provisions	27	23,316	22,811	22,603	22,148
Other liabilities	28	9,720	8,705	10,722	9,667
Total current liabilities		69,859	61,723	68,293	61,017
Non-current liabilities					
Trade and other payables	25	4,081	3,787	3,904	3,787
Borrowings	26	4,193	5,236	3,593	5,236
Provisions	27	73,768	75,654	73,722	75,613
Total non-current liabilities		82,042	84,677	81,219	84,636
Total liabilities		151,901	146,400	149,512	145,653
Net assets		660,505	639,612	660,352	638,582
Equity					
University interest					
Reserves	29	150,994	143,852	155,169	149,936
Retained earnings	29	509,919	495,636	505,183	488,646
University interest		660,913	639,488	660,352	638,582
Non-controlling interest		(408)	124	-	-
Total equity		660,505	639,612	660,352	638,582

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2015

	Reserves \$'000	Retained Earnings \$'000	Total University Interest \$'000	Non- controlling Interest \$'000	Total \$'000
Consolidated					
Balance as at 1 January 2014	145,568	482,722	628,290	282	628,572
Net result	-	12,216	12,216	(54)	12,162
Gain / (Loss) on revaluation of land, buildings, infrastructure, library and artwork	(1,242)	-	(1,242)	-	(1,242)
Transfer from revaluation reserve on sale of aircraft	(698)	698	-	-	-
Gain / (Loss) on revaluation of available-for-sale financial assets	224	-	224	-	224
Total comprehensive income	(1,716)	12,914	11,198	(54)	11,144
Recognition of non-controlling interest	-	-	-	(104)	(104)
Balance at 31 December 2014	143,852	495,636	639,488	124	639,612
Balance at 1 January 2015	143,852	495,636	639,488	124	639,612
Net result	-	14,283	14,283	(154)	14,129
Gain / (Loss) on revaluation of available-for-sale financial assets	7,142	-	7,142	-	7,142
Total comprehensive income	7,142	14,283	21,425	(154)	21,271
Recognition of non-controlling interest	-	-	-	(378)	(378)
Balance at 31 December 2015	150,994	509,919	660,913	(408)	660,505

	Reserves \$'000	Retained Earnings \$'000	Total \$'000
University			
Balance as at 1 January 2014	155,732	472,785	628,517
Net result	-	15,861	15,861
Gain / (Loss) on revaluation of land, buildings, infrastructure, library and artwork	(1,242)	-	(1,242)
Gain / (Loss) on revaluation of available-for-sale financial assets	(4,554)	-	(4,554)
Total comprehensive income	(5,796)	15,861	10,065
Balance at 31 December 2014	149,936	488,646	638,582
Balance at 1 January 2015	149,936	488,646	638,582
Net result	-	16,537	16,537
Gain / (Loss) on revaluation of available-for-sale financial assets	5,233	-	5,233
Total comprehensive income	5,233	16,537	21,770
Balance at 31 December 2015	155,169	505,183	660,352

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2015

		Consolidated		University	
	Note	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Inflows:					
Australian Government Grants	3(g)	318,032	315,833	318,032	315,833
OS-HELP (net)	3(g)	835	(297)	835	(297)
Superannuation Supplementation	3(g)	2,848	2,436	2,848	2,436
State Government Grants		11,166	6,599	11,166	6,524
Local Government Grants		12	30	12	30
HECS-HELP – Student payments		8,111	8,230	8,111	8,230
Receipts from student fees and other customers		113,791	105,246	108,458	98,405
Dividends received		1,860	899	1,422	544
Interest received		3,388	7,555	3,369	7,510
Other investment income		3,104	2,438	3,173	2,661
GST recovered		10,037	15,847	10,037	15,847
Outflows:					
Payments to suppliers and employees (inclusive of GST)		(416,743)	(424,664)	(409,909)	(417,650)
Interest and other costs of finance		(370)	(459)	(370)	(459)
Net cash provided by / (used in) operating activities	40	56,071	39,693	57,184	39,614
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant & equipment		282	770	282	770
Proceeds from maturation of term deposits		40,576	104,908	40,171	104,908
Proceeds from sale of financial assets		1,796	3,385	1,796	3,385
Increase/(Decrease) in funds held on behalf of other entities		170	(24)	170	(24)
Outflows:					
Payments for property, plant and equipment		(76,669)	(140,245)	(76,596)	(140,121)
Payments for financial assets		(2,510)	(4,396)	(2,510)	(3,815)
Loans to related parties		-	-	-	(500)
Net cash provided by / (used in) investing activities		(36,355)	(35,602)	(36,687)	(35,397)
Cash flows from financing activities					
Inflows:					
Proceeds from borrowings		600	-	-	-
Outflows:					
Repayment of finance leases		(1,549)	(1,460)	(1,549)	(1,460)
Net cash provided by / (used in) financing activities		(949)	(1,460)	(1,549)	(1,460)
Cash and cash equivalents at beginning of the financial year		27,999	25,368	26,628	23,871
Net increase/ (decrease) in cash and cash equivalents		18,767	2,631	18,948	2,757
Cash and cash equivalents at the end of the financial year	1(g), 16	46,766	27,999	45,576	26,628
Financing arrangements	26				
Non-cash investing and financing activities	41				

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented unless otherwise stated. The financial statements include separate statements for Flinders University as the parent entity and the Consolidated entity consisting of Flinders University and its subsidiaries.

The principal address of Flinders University is:

Sturt Road
Bedford Park
South Australia 5042

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of Flinders University. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

Flinders University applies Tier 1 reporting requirements.

Additionally, the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *relevant provisions of the Treasurer's Instructions issued pursuant to the Public Finance and Audit Act 1987 and the Accounting Policy Framework issued pursuant to the Treasurer's Instructions, except where they conflict with the Department of Education and Training Guidelines.*

Flinders University is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

The financial report has been prepared based on a twelve month operating cycle and is presented in Australian dollars.

Date of authorisation for issue

The financial statements were authorised for issue by the Council members of Flinders University on 12 May 2016.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The main items with critical assumptions are superannuation receivable and provision, valuation of property, plant and equipment, long service leave liability and depreciation.

(b) Basis of consolidation

(i) Subsidiaries

The Consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December and the results of all subsidiaries for the financial years shown. The financial statements of the Consolidated entity comprise the accounts of Flinders University (the Parent entity) and all of its subsidiaries. A subsidiary is any entity controlled by the University. Control exists where the University is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of subsidiaries is contained in Note 35.

Intercompany transactions, balances and unrealised gains on transactions between members of the Consolidated entity are eliminated to the extent of the Consolidated entity's interest in the subsidiaries. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

(ii) Associates

Associates are all entities over which the Consolidated entity has significant influence but not control. If material, investments in associates are accounted for in the University's financial statements using the cost method and in the Consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

(iii) Joint Arrangements

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

The University has a material interest in one joint operation. The University's share of assets, liabilities, revenue and expenses have been incorporated in the University's financial statements under the appropriate headings. Details of joint operations are set out in Note 36.

Joint ventures

The University has a material interest in a number of joint venture entities.

If material, the interest in a joint venture entity is accounted for in the Consolidated financial statements using the equity method and is carried at cost by the University. Under the equity method, the share of profits or losses of the entity is recognised in the Income Statement, and the share of movements in reserves is recognised in reserves in the Statement of Comprehensive

Note 1 Summary of significant accounting policies

Income and the Statement of Changes in Equity. Details relating to the entity are set out in Note 36.

(c) Foreign currency translation

(i) Functional and presentation currency

The Consolidated financial statements are presented in Australian dollars which is the Consolidated entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions were converted to Australian currency at the rates of exchange prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Note 42 discloses foreign currency monetary items outstanding at balance date.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(i) Government grants

Grant revenue is recognised in the year that the University gains control of the revenue which is generally when it is received. Where the University obtains control of the right to receive the grant and when revenue recognition criteria are met, the grant revenue is recognised in the period to which it relates.

Note disclosure is made in Notes 3 & 4.

(ii) Student fees and charges

Student tuition fees and charges are recognised as income in the year in which the service is provided. Note disclosure is made in Note 5.

(iii) Consultancy and contract research

Revenue from consultancy and contract research is recognised in the period in which the consultancies/contract services are provided. Research grant revenue is recognised as revenue when received. Note disclosure is made in Note 8.

(iv) Donations

Donations are received in cash and non-cash forms. Non cash donations are recognised at the University's estimate of the fair value of the items donated. Note disclosure is made in Note 9.

(v) Investment revenue and income

Interest revenue is recognised as it accrues. Dividend revenue and imputation credits are recognised only when declared before the 31 December reporting date.

Income distributions from Managed Funds are recognised on receipt of official advice from investment companies of the University's entitlement to distributions. All movements in the value of investments classified as "financial assets at fair value through profit and loss" are included in the Net Operating Result. For "Available for sale investments" and investments classified as

"Other financial assets", realised gains are included in the Net Operating Result while unrealised gains and losses are taken to the Available for Sale Revaluation Surplus for Investments except to the extent that unrealised losses exceed previous revaluation increments for all investments held in that reserve. Note disclosure is made in Note 6.

(e) Leases

(i) University as lessee

Leases of property, plant and equipment where the Consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are classified as borrowings. Note disclosure is made in Note 26. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Note disclosure is made in Note 22.

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease are expensed in the period to which the payment relates. Note disclosure is made in Note 33(b).

(ii) University as lessor

The University leases space in its investment property to external entities. Accommodation on campus is leased to students. The University also leases a small amount of space on its main campus to commercial entities for provision of services to students and staff. The leases are all classified as operating leases.

Note disclosure is made in Note 33(b).

(f) Impairment of assets

At each reporting date, the University undertakes an assessment of its significant assets to determine if there is any evidence of impairment. Where impairment exists, the University recognises an impairment loss in the Income Statement. This is calculated as the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(g) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank accounts are recognised at nominal amounts. Note disclosure is made in Note 16.

Note 1 Summary of significant accounting policies

(h) Receivables

Receivables are shown at amounts due from customers, inclusive of GST and reduced for expected credit losses (provision for doubtful debts). The University's credit terms are net 30 days. Note disclosure is made in Note 17.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that amounts due according to the original terms will not be able to be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Details regarding the receivable from the Australian Government relating to the State Super Scheme are disclosed in Note 1(u)(v) Superannuation.

(i) Investments and other financial assets**(i) Recognition**

Subsequent to initial recognition, investments in subsidiaries are measured at fair value. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the Consolidated financial statements and the cost method in the University's financial statements.

In accordance with AASB 139 *Financial Instruments: Recognition and Measurement* other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. In the case of assets classified as held-to-maturity, the University re-evaluates this designation at each reporting date.

(ii) Financial assets at fair value through profit or loss

The Consolidated entity has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

(iii) Loans and receivables

Trade receivables, loans, and other receivables are recorded at cost less impairment.

The carrying amount of investments is reviewed annually by the University to ensure that all items are carried at fair value. Note disclosure for other financial assets (investments) is made in Note 19.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated entity's management has the positive intention and ability to hold to maturity.

Interest on term deposits is recognised at balance date based on the proportion of the term that has elapsed.

(v) Available-for-sale financial assets

Certain shares held are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period. This category includes investments classified as 'Available-for-sale' and any investments that do not fit the definitions for inclusion in the previous categories. Consequently it should not be assumed that the University has plans to dispose of these assets.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Fair value

The fair value of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Consolidated entity establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

(j) Derivatives

The Consolidated entity enters into foreign currency hedges (derivative financial instruments) to manage its exposure to movements in exchange rates for library purchases and certain equipment acquisitions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at balance date. Changes in the fair value of derivatives are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Where the maturity date of a hedge is more than 12 months, the asset and liability are classified as non-current, otherwise they are classified as current.

(k) Property, plant and equipment

Property, plant and equipment are shown on a fair value basis. At each reporting date, the value of each asset class is reviewed to ensure that it does not differ materially from the asset class' fair value at that date. Where necessary, the asset class is revalued to reflect its fair value. Note disclosure is made in Note 22.

(i) Land

Land is owned by the University in its own right and by the State and Northern Territory Governments. The value of land owned by the State Government is reflected in the University's financial statements on the basis that the University effectively controls the land occupied. Land controlled by the University was independently revalued as at 31 December 2013 by Richard

Note 1 Summary of significant accounting policies

Wood B.App.Sc (Val) AAPI CPV, of Opteon Pty Ltd. Comprehensive independent land valuations are undertaken triennially with an annual update based on relevant price movements if material. There have been no material valuation movements since 2013.

(ii) Buildings and infrastructure

Buildings and above ground infrastructure controlled by the University were independently revalued as at 31 December 2013. Richard Wood B.App.Sc (Val) AAPI CPV of Opteon Pty Ltd. Comprehensive independent valuations are undertaken triennially with an annual update based on relevant price movements if material. There have been no material valuation movements since 2013.

Below ground Infrastructure is not included as an asset as the value is not able to be reliably estimated.

Buildings under construction are measured at cost.

(iii) Leased Buildings

The University has entered into various arrangements with other entities to occupy buildings on land not owned by the University.

The University initially recognises a lease asset as the value of its contribution to construction costs plus any future amounts payable under the lease agreement and revalues it to fair value each year. The University depreciates the asset over the shorter of their useful life or the remaining life of the lease.

(iv) Leasehold improvements

Leasehold improvements are capitalised and amortised over the shorter of their useful life or the remaining life of the lease.

(v) Library collection

The Library collection was internally revalued on 31 December 2010 to fair value based on the written down cost of the most recent price inputs. The University has determined that subsequent acquisitions are measured at historical cost which approximates fair value with the University no longer revaluing the library collection. The value is depreciated over a 10 year period on a straight-line basis.

(vi) Equipment

This class of assets includes computer hardware (not software), furniture, vehicles, marine and general equipment. Individual items costing \$10,000 or more are capitalised and recorded in the Statement of Financial Position initially at cost. Items costing less than \$10,000 are recognised as an expense in the Income Statement in the period acquired. The depreciated value of equipment is deemed to be its fair value.

Leased equipment is capitalised and amortised over the shorter of their useful life or the remaining life of the lease.

(vii) Works of art

The value of the Works of Art collection is assessed annually at fair value at Council valuation. The last independent valuation was conducted as at 31 December 2013 by Helen Miller BA SYD AVAA CPV NCJV (Fine Arts Division) Rodney Hyman Asset Services Pty Ltd.

(viii) Revaluations

Increases in the carrying amounts arising on revaluation of land, buildings & infrastructure, library and works of art are recognised, under revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are also recognised in under revaluation surplus to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the Income Statement.

(I) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Income Statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Income Statement as an expense when incurred.

The University expenses development costs when incurred, as the expenses are not recoverable beyond reasonable doubt. One of the University's subsidiaries, Flinders Partners Pty Ltd, has the rights to commercialise intellectual property arising from the University. Development costs incurred by Flinders Partners Pty Ltd are treated as deferred expenditure:

- during the assessment phase of projects, until financial viability is determined; and
- for projects expected to be financially viable, to offset future revenue.

Development costs are capitalised and are included in the Consolidated Statement of Financial Position under Project costs carried forward. Note disclosure is made in Note 24.

The recoverability of deferred expenditure is reviewed annually and any amounts previously deferred that are no longer expected to be recovered are charged to the Net Operating Result.

(ii) Software costs

The University capitalises certain software costs with a purchase price greater than \$40,000 and an expected useful life greater than 12 months, together with costs associated with implementation. These are recorded on the basis of cost less amortisation once the system is operational. Impairment is assessed annually. IT development in progress relates to costs incurred in the development of IT software projects. On project completion the balances are transferred to software costs.

Note disclosure is made in Note 24.

Note 1 Summary of significant accounting policies

(m) Depreciation and amortisation

The basis for depreciation and the depreciation rates are reviewed annually. Depreciation is calculated on a straight line basis on all property, plant and equipment, other than land and works of art, which are not depreciated. Where material, buildings are componentised and the individual components are depreciated over their useful lives. The following rates are based on the estimated useful life of the assets to the University:

Item	Percentage
Depreciation:	
Buildings and infrastructure	2.5 - 20.0
Equipment	
- Motor vehicles	20.0
- General equipment	10.0 - 33.3
- Computer hardware	16.6 - 33.3
- Furniture	10.0
- Aircraft	10.0
- Marine	10.0
Library collection	10.0
Amortisation:	
Computer software	20.0
Leased Equipment	20.0
Leasehold Improvements	5.0 - 20.0

The gross amount of depreciable assets and the related accumulated depreciation is provided within Note 22. Depreciation and amortisation expense by asset class is shown in Note 11.

(n) Repairs and Maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacements of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

(o) Investment property

Investment properties exclude properties held to meet service delivery objectives of the University. The University holds an investment property which is measured on a fair value basis, based on active market prices of similar properties, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices in less active markets or discounted cash flow projections are used.

Independent valuations are undertaken annually. At each reporting date, the reported value is reviewed to ensure that it does not differ materially from the property's fair value at that date. Changes to fair value are recorded in the Income Statement as other income.

The investment property was independently valued at fair value as at 31 December 2015 by Richard Wood AAPI CPV, B.App.Sc (Val) of Opteon Pty Ltd.

Rental revenue from the leasing of investment properties is recognised in the Income Statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties. Note disclosure is made in Note 23.

(p) Payables

Payables are shown at amounts due to suppliers, inclusive of GST and exclusive of any applicable discounts that will be taken. Note disclosure is made in Note 25. The amounts are unsecured and the standard University terms of trade is payment within 30 days of invoice.

(q) Borrowings

Finance leases are allocated under borrowings as prescribed by the Department of Education and Training Guidelines. The current liability portion represents the amount expected to be paid in the following 12 months with the balance greater than 12 months reported in the non-current portion. Note disclosure is made in Note 26.

(r) Borrowing costs

Finance charges in respect of finance leases represent the interest charges implicit in the finance lease and are included in the definition of borrowing costs. Note disclosure is made in Note 13.

(s) Interest bearing liabilities

The University has no loans. However the University receives deposits from subsidiaries, certain joint ventures and related external entities for group investment along with University funds and shares the investment income with those entities. Note disclosure is made in Note 28.

(t) Other liabilities: Funds held on behalf of external entities

Funds held on behalf of external entities are shown at amounts due. These do not incur any interest charges. Note disclosure is made in Note 28.

(u) Employee benefits

Employee expenses expected to be settled within one year have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. Oncosts on the leave liabilities accruing to employees are recognised as provisions and on costs not accruing to employees are classed as payables as required under SA State Government Accounting Policy Framework - Part IV (APS 5.25). Benefits expected to be settled later than one year have been measured at the present value of the estimated applicable future cash flows to be made for those benefits and related on costs.

(i) Salaries

Liabilities for short-term employee benefits including salaries, non-monetary benefits and bonuses due to be settled within 12

Note 1 Summary of significant accounting policies

months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in Trade and other payables.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 Employee Benefits. The last update was performed at 31 December 2015 by Stuart Mules, FIAA, of Mercer (Australia) Pty Ltd. The assumptions used by the actuary include:

- investment earnings rate of 2.4% pa (2014: 2.4%) pa. salary inflation rate of 3.0% pa (2014: 3.0%).
- on costs have been applied at the rate of 16.15% (2014: 16.15%).
- the proportion of leave taken in service is 73% (2014: 73%), the balance at termination of service.

The current portion represents the amount expected to be paid in the following 12 months. Note disclosure is made in Notes 25 and 27.

(iii) Annual leave

The calculation to measure the value of annual leave has assumed a 3.0 % salary inflation factor, as recommended by the SA State Government Accounting Policy Framework - Part IV (APS 5.7). The provision for annual leave is classified as a current liability as the University does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Note disclosure is made in Notes 25 and 27.

(iv) Sick leave

No provision has been made for sick leave as all sick leave is non vesting and the average sick leave taken each year is expected to be less than the annual entitlement for sick leave.

(v) Superannuation

Superannuation schemes

Superannuation schemes exist to provide benefits to University employees and their dependents upon resignation, retirement, disability or death. The contributions made to these schemes by the University and the emerging costs from unfunded schemes are expensed in the Income Statement. Except in the case of multi-employer schemes such as UniSuper, the University recognises, as an asset or a liability, the difference between the employer established defined benefit superannuation scheme's accrued benefits and the net market value of the scheme's assets. Note 44 provides details in respect of the individual schemes.

Unfunded superannuation - State Superannuation Scheme

An arrangement exists between the Australian Government and the State Government to share the unfunded liability for the University's beneficiaries of the State Superannuation Scheme on

an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the Statement of Financial Position under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Consolidated entity. Refer to Note 44 (ii).

Superannuation Supplementation funding received from the Australian Government must not be shown as revenue as this is a partial settlement of an asset recognised in accordance with AASB 119.116. The net difference between the gross expense and the amount received from the Australian Government is shown as an expense within employee related expenses.

(vi) Severance

Provision is made for severance payments where it is probable payments will be made under industrial awards for fixed-term staff. The current portion represents the amount expected to be paid in the following 12 months. Severance payments are included under Salaries within Employee related expenses. Note disclosure of the provision is made in Note 27.

(vii) Redundancy benefits

Redundancy benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The University recognises redundancy benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing redundancy benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value. Expenses are disclosed in Note 10. Amounts unpaid at balance are included under Trade and Other Payables.

(v) Workers' compensation

The University is responsible for payments of workers' compensation and is registered with WorkCover SA as an exempt employer. Lawsons Risk Management Services Pty Ltd administers workers' compensation arrangements on behalf of the University.

The provision for workers' compensation liability is actuarially determined each year. The valuation as at 31 December 2015 was performed by Laurie Brett, FIA, FIAA. The method used is the claims paid development method where all past claims are brought to current values with an allowance for late claims reporting and administration costs. The liability for workers' compensation is disclosed in Note 27.

(w) Inventories

Inventories are stores of consumable items including printing and maintenance materials and are measured at cost. Annual stocktakes are used to verify inventory account balances. Other

Note 1 Summary of significant accounting policies

small inventories of consumable items including stationery, fuel and antisera are expensed as purchased. Note disclosure is made in Note 18.

(x) Website costs

Costs in relation to website contents are charged as expenses in the period in which they are incurred.

(y) Goods and services tax (GST)

The University recognises revenues, expenses and assets net of the amount of associated (GST), except where the amount of GST incurred by the University is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables 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 included in the Statement of Cash Flows are 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 operating cash flows.

Commitments and contingencies are disclosed net of GST recoverable from or payable to the ATO.

(z) Income tax status

The University does not provide for Australian income tax as it is exempt under the provisions of Division 50 of the *Income Tax Assessment Act 1997*.

Whilst University's major subsidiaries are exempt from income tax, smaller entities within the group pay income tax when it is incurred.

The University is subject to fringe benefits tax, the goods & services tax and payroll tax.

(aa) Current and non-current classification

Assets and liabilities are characterised as either current or non-current. The University and the Consolidated entity operate on a 12 month operating cycle. Assets and liabilities that are sold, consumed or realised as part of the 12 month operating cycle are classified as current. All other assets and liabilities are classified as non-current.

(ab) Rounding to the nearest \$'000

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars.

(ac) New or revised Australian Accounting Standards and Interpretations

There are no material impacts from new or revised Australian Accounting Standards and Interpretations for the reporting period ending 31 December 2015.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2015 reporting periods. The University has not early adopted these standards.

The University has assessed the impact of the new and amended standards and interpretations and has determined there is no material impact.

(ad) Comparative figures

The previous year's figures are provided in the financial statements for comparative purposes. Where practicable comparative figures have been adjusted to conform to changes in presentation and classification in the present year.

(ae) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the following:

(i) Classification of Annual Leave

Previously the University classified Annual Leave as non-current when it was expected the leave would be taken more than 12 months from balance date.

Although all annual leave requires approval before it is taken, the University has determined that in practice it does not have an unconditional right to defer the liability for more than 12 months. This brings the University in line with the practices of the SA State Government and other Interstate Universities. As a result all Annual leave is now classified as current.

This has resulted in restatement of values from non-current to current of 2015 \$0.9m (2014 \$0.9m) in Note 25, Trade and Other Payables and 2015 \$4.1m (2014 \$4.1m) in Note 27, Provisions for the University and the Consolidated entity.

(ii) Leasehold improvements

Leasehold improvements have been separated from Buildings and are now shown as a separate class of assets. This has resulted in restatement of prior year values as shown in Note 11, Depreciation and Amortisation, Note 22, Property, Plant and Equipment and Note 43 Fair Value Measurements.

Note 2 Disaggregated information

The University operates in the field of higher education in Australia and its primary activities are the provision of teaching and research services. It has no material offshore operations.

		Consolidated		University	
		2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000
Note 3 Australian Government financial assistance including Australian Government loan programs (HELP)					
(a) Commonwealth Grant Scheme and Other Grants	47.a				
Commonwealth Grant Scheme (CGS) ^{#1}		141,800	132,538	141,800	132,538
Indigenous Support Program		664	591	664	591
Partnership & Participation Program ^{#2}		4,367	4,408	4,367	4,408
Disability Support Program		250	164	250	164
Promotion of excellence in Learning and Teaching		527	626	527	626
Total Commonwealth Grant Scheme and Other Grants		147,608	138,327	147,608	138,327
(b) Higher Education Loan Programs	47.b				
HECS – HELP		83,987	80,697	83,987	80,697
FEE – HELP ^{#3}		7,436	6,884	7,436	6,884
SA – HELP	47.h	1,926	1,887	1,926	1,887
Total Higher Education Loan Programs		93,349	89,468	93,349	89,468
(c) Scholarships	47.c				
Australian Postgraduate Awards		4,554	4,535	4,554	4,535
International Postgraduate Research Scholarship		337	335	337	335
Commonwealth Education Cost Scholarships ^{#4}		25	260	25	260
Commonwealth Accommodation Scholarships ^{#4}		41	(105)	41	(105)
Indigenous Access Scholarships		39	34	39	34
Indigenous Staff Scholarships		-	(14)	-	(14)
Total Scholarships		4,996	5,045	4,996	5,045
(d) EDUCATION Research	47.d				
Joint Research Engagement Program		6,715	6,240	6,715	6,240
JRE Engineering Cadetships		-	-	-	-
Research Training Scheme		10,977	11,097	10,977	11,097
Research Infrastructure Block Grants		3,003	3,123	3,003	3,123
Commercialisation Training Scheme		-	-	-	-
Sustainable Research Excellence in Universities		2,140	2,039	2,140	2,039
Total EDUCATION Research Grants		22,835	22,499	22,835	22,499

^{#1} Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

^{#2} Includes Equity Support Program

^{#3} Program is in respect of FEE-HELP for higher education only

^{#4} Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively

		Consolidated		University	
		2015	2014	2015	2014
	Note	\$'000	\$'000	\$'000	\$'000
Note 3 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)					
(e) Australian Research Council					
(i) Discovery	47.e (i)				
Project		2,990	2,293	2,990	2,293
Fellowships ^{#5}		3,068	3,797	3,068	3,797
Total Discovery		6,058	6,090	6,058	6,090
(ii) Linkages	47.e (ii)				
Infrastructure		783	125	783	125
Projects		1,190	890	1,190	890
Total Linkages		1,973	1,015	1,973	1,015
(iii) Networks and Centres	47.e (iii)				
Centres		207	175	207	175
Total Networks and Centres		207	175	207	175
Special Research Initiatives	47.e (iii)	130	256	130	256
Total Australian Research Council		8,368	7,536	8,368	7,536
(f) Other Australian Government financial assistance					
Non-capital					
National Health and Medical Research Council		9,689	9,478	9,689	9,478
Other Research		18,232	23,046	18,232	23,046
Other Non-Research		18,130	19,343	18,130	19,343
Commonwealth Scholarships		523	351	523	351
Total non-capital		46,574	52,218	46,574	52,218
Capital					
Northern Territory Medical Program		-	1,640	-	1,640
Other capital programs		-	248	-	248
Total Capital		-	1,888	-	1,888
Total Other Australian Government financial assistance		46,574	54,106	46,574	54,106
Total Australian Government financial assistance		323,730	316,981	323,730	316,981
Reconciliation					
Australian Government grants (a+c+d+e+f)		230,381	227,513	230,381	227,513
HECS-HELP payments		83,987	80,697	83,987	80,697
FEE-HELP payments		7,436	6,884	7,436	6,884
SA-HELP payments		1,926	1,887	1,926	1,887
Total Australian Government financial assistance		323,730	316,981	323,730	316,981

^{#5} Includes Early Career Researcher Award

		<i>Consolidated</i>		<i>University</i>	
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Note 3 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)					
(g) Australian Government Grants received - cash basis					
CGS and Other EDUCATION Grants		141,768	137,010	141,768	137,010
Higher Education Loan Programs		93,147	88,776	93,147	88,776
Scholarships		5,123	4,841	5,123	4,841
EDUCATION Research		22,835	22,562	22,835	22,562
ARC grants - Discovery		5,936	6,010	5,936	6,010
ARC grants - Linkages		2,122	1,291	2,122	1,291
ARC grants - Networks and Centres		-	627	-	627
Other Australian Government Grants		47,101	54,716	47,101	54,716
Total Australian Government Grants received - cash basis		318,032	315,833	318,032	315,833
OS-Help (Net)	47.f	835	(297)	835	(297)
Superannuation Supplementation	47.g	2,848	2,436	2,848	2,436
Total Australian Government funding received - cash basis		321,715	317,972	321,715	317,972

Note 4 State and Local Government financial assistance

Non-Capital

South Australian State Government financial assistance	8,333	8,043	8,333	8,042
South Australian Local Government financial assistance	12	30	12	30
Other State/Territory Governments financial assistance	1,268	939	1,268	865
Total State and Local Government financial assistance	9,613	9,012	9,613	8,937

Note 5 Fees and charges

Course fees and charges

Fee-paying onshore overseas students	51,751	44,350	51,751	44,350
Fee-paying offshore overseas students	6,193	5,402	6,193	5,402
Fee-paying domestic postgraduate students	3,615	3,305	3,615	3,305
Fee-paying domestic undergraduate students	4,681	4,705	4,681	4,705
Fee-paying domestic non-award students	145	113	145	113
Other domestic course fees and charges	2,665	2,167	2,665	2,167
Total course fees and charges	69,050	60,042	69,050	60,042

Other non-course fees and charges

Students Services and Amenities Fees from students	47.h	2,148	1,751	2,148	1,751
Student accommodation		6,946	6,388	6,946	6,388
Rental charges		1,113	709	1,056	622
Other student charges		341	255	341	255
Other hire fees		208	159	208	159
Parking fees		2,320	2,223	2,320	2,223
Other fees and charges		595	709	559	662
Total other fees and charges		13,671	12,194	13,578	12,060
Total fees and charges		82,721	72,236	82,628	72,102

	<i>Consolidated</i>		<i>University</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>

Note 6 Investment revenue and other investment income**Investment revenue**

Dividends from equity investments

Wholly-owned subsidiaries

Other entities

Total Dividends

Interest income

Managed funds distributions

Investment property rental revenue

Total investment revenue**Other investment gains / (losses)**

Net (loss)/gain arising on financial assets designated at fair value through profit or loss

Realised gain/(loss) on disposal of investments

Movements in fair value of investment properties

Total investment income (loss)**Total investment income**

-	-	-	-
1,901	1,471	1,463	1,116
1,901	1,471	1,463	1,116
2,807	5,813	2,788	5,768
1,908	1,139	3,058	1,139
1,196	1,165	1,196	1,387
7,812	9,588	8,505	9,410
(436)	(3,081)	(884)	(328)
(20)	148	(20)	148
(903)	(197)	(903)	(197)
(1,359)	(3,130)	(1,807)	(377)
6,453	6,458	6,698	9,033

Note 7 Royalties, trademarks and licences**Total royalties, trademarks and licences**

3,049	1,030	2,766	492
--------------	--------------	--------------	------------

Note 8 Consultancy and contracts

Consultancy

Contract research

Total consultancy and contracts

2,059	2,655	1,425	2,544
7,093	6,517	7,321	6,579
9,152	9,172	8,746	9,123

Note 9 Other revenue and other income**Other revenue**

Donations and bequests

Scholarships and prizes

Non-government grants

Contribution of assets

Reimbursements

Sales and other charges

Other revenue

Total other revenue

535	406	1,063	957
761	659	761	659
4,650	3,878	4,650	3,878
291	277	291	277
2,551	2,095	2,597	2,095
4,557	5,617	1,615	1,435
2,099	2,295	537	533
15,444	15,227	11,514	9,834

Other income**Total other revenue and income**

427	-	427	-
15,871	15,227	11,941	9,834

	<i>Consolidated</i>		<i>University</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Note 10 Employee related expenses				
Academic				
Salaries	120,129	117,258	120,129	117,259
Contributions to superannuation and pension schemes				
Contributions to funded schemes	17,505	17,170	17,505	17,170
Contributions to unfunded schemes	141	145	141	145
Payroll tax	7,061	6,789	7,061	6,789
Workers' compensation	372	117	372	117
Long service leave expense	3,519	4,005	3,519	4,005
Annual leave	9,481	9,676	9,481	9,676
Redundancy expenses	-	96	-	96
Total academic	158,208	155,256	158,208	155,257
Non-academic				
Salaries	101,542	101,136	97,530	96,252
Contributions to superannuation and pension schemes				
Contributions to funded schemes	15,818	15,467	15,427	15,035
Contributions to unfunded schemes	35	36	35	36
Payroll tax	6,394	5,780	5,927	5,715
Workers' compensation	323	114	303	95
Long service leave expense	2,635	2,837	2,617	2,802
Annual leave	8,630	8,520	8,466	8,371
Redundancy expenses	395	1,030	395	1,030
Total non-academic	135,772	134,920	130,700	129,336
Total employee related expenses	293,980	290,176	288,908	284,593

Note 11 Depreciation and amortisation

Depreciation				
Buildings	14,566	9,974	14,566	9,974
Infrastructure	957	897	957	897
Plant and equipment	5,956	5,390	5,849	5,240
Library	3,758	3,585	3,758	3,585
Total Depreciation	25,237	19,846	25,130	19,696
Amortisation				
Leased Equipment	1,649	1,649	1,649	1,649
Software	2,354	1,292	2,326	1,292
Leasehold Improvements	606	293	606	293
Total Amortisation	4,609	3,234	4,581	3,234
Total depreciation and amortisation	29,846	23,080	29,711	22,930

Note 12 Repairs and maintenance

Buildings and grounds	6,600	5,499	6,577	5,492
Minor new works	2,912	3,337	2,947	3,337
Equipment and artwork	3,729	3,596	3,691	3,506
Total repairs and maintenance	13,241	12,432	13,215	12,335

Note 13 Borrowing Costs

Finance charges in respect of finance leases

Total borrowing costs expensed

Note	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
	370	459	370	459
	370	459	370	459

Note 14 Impairment of assets

Bad and doubtful debts

Impairment of assets

Total impairment of assets

	312	171	312	168
	(7)	114	72	114
	305	285	384	282

Note 15 Other expenses

Scholarships, grants & prizes
Non-capitalised equipment
Advertising, marketing & promotional expenses
Fees & charges
Consultancy fees
General consumables
Printing & photocopying
Operating lease rental expenses
Telecommunications
Travel, staff development and entertainment
Utilities
Student related expenditure
Library
Software
Postage & freight
Insurance
Miscellaneous
Total other expenses

	14,671	14,284	14,671	14,281
	6,793	7,985	6,755	7,974
	3,900	3,404	3,940	3,452
	13,746	12,221	13,719	12,702
	4,173	4,451	3,922	4,077
	6,771	6,707	7,148	7,313
	1,183	1,564	1,180	1,558
	4,675	3,346	4,605	3,402
	3,612	3,431	3,684	3,502
	14,278	14,735	14,234	14,735
	5,554	4,980	5,508	4,958
	6,838	4,671	6,803	4,250
	1,844	2,438	1,844	2,438
	5,059	5,452	5,032	5,445
	813	686	813	683
	1,350	1,434	1,300	1,417
	5,988	7,624	3,949	5,322
	101,248	99,413	99,107	97,509

		Consolidated		University	
		2015	2014	2015	2014
Note		\$'000	\$'000	\$'000	\$'000
Note 16 Cash and cash equivalents					
		46,766	17,899	45,576	16,528
		-	10,100	-	10,100
		46,766	27,999	45,576	26,628
	40				
(a) Reconciliation to cash at the end of the year					
The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:					
		46,766	27,999	45,576	26,628
		-	-	-	-
		46,766	27,999	45,576	26,628
(b) Cash at bank and on hand					
Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 1.75% and 2.3% (2014 - 2.25% and 2.80%).					
(c) Deposits at call					
Deposits during 2015 were bearing floating interest rates between 3.00% and 3.05% (2014 – 3.20% and 3.60%). The deposits had an average maturity of 91 days.					
Note 17 Receivables					
Current					
		1,656	1,928	1,656	1,928
		(400)	(430)	(400)	(430)
		1,256	1,498	1,256	1,498
		9,712	15,691	9,369	15,391
		(303)	(384)	(208)	(289)
		9,409	15,307	9,161	15,102
		-	-	696	610
		-	-	(95)	(95)
		-	-	601	515
		8,195	3,612	7,877	3,204
		3,177	3,202	3,177	3,202
	44	22,037	23,619	22,072	23,521
Total current receivables					
Non-current					
		48,927	52,005	48,927	52,005
	44	48,927	52,005	48,927	52,005
Total non-current receivables					
Total trade and other receivables					
		70,964	75,624	70,999	75,526

As at 31 December 2015 current receivables of the group with a nominal value of \$3.277m (2014: \$3.498m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:

Note 17 Receivables (continued)**Student Fees**

3 to 6 months

6 to 12 months

over 12 months

Total past due but not impaired current receivables

Note	Consolidated		University	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	617	912	617	912
	62	156	62	156
	9	16	9	16
	688	1,084	688	1,084

Trade receivables

3 to 6 months

6 to 12 months

over 12 months

Total past due but not impaired current receivables

	208	34	208	34
	3	4	3	4
	16	16	16	16
	227	54	227	54

(a) Impaired receivables

As at 31 December 2015 current receivables of the group with a nominal value of \$0.703m (2014: \$0.814m) were impaired. The provision is based on an aged analysis of the debt types based on collectability. The ageing of these receivables is as follows:

Student Fees

3 to 6 months

6 to 12 months

over 12 months

Total current impaired Student receivables

	162	130	162	130
	33	65	33	65
	159	220	159	220
	354	415	354	415

Trade receivables

3 to 6 months

6 to 12 months

over 12 months

Total current impaired Trade receivables

	51	66	51	66
	30	49	30	49
	172	172	77	77
	253	287	158	192

Subsidiary receivables

3 to 6 months

6 to 12 months

over 12 months

Total current impaired Subsidiary receivables

	-	-	-	-
	-	-	-	-
	-	-	95	95
	-	-	95	95

(a) Impaired receivables (continued)

Movements in the provision for impaired receivables are as follows:

At 1 January provision for impairment

Provision for impairment recognised during the year

Receivables written off during the year as uncollectible

Unused amount reversed

At 31 December

	814	826	814	826
	316	67	316	67
	-	(79)	-	(79)
	(427)	-	(427)	-
	703	814	703	814

The creation and release of the provision for impaired receivables has been included in "Impairment of Assets" in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

Note	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

Note 17 Receivables (continued)

(b) Foreign exchange and interest rate risk

The carrying amounts of current receivables includes receivables denominated in the following currencies:

US Dollars	29	91	29	91
Hong Kong Dollars	-	229	-	229
Other	2	9	2	9
	31	329	31	329

The carrying amounts of all non-current receivables are denominated in Australian dollars.

Information regarding the effective interest rate risk of both current and non-current receivables is set out in the Financial risk management disclosures at Note 42.

(c) Fair value and credit risk

The carrying value approximates fair value for all receivables. For non-current receivables, fair values are based on cash flows discounted using a discount rate. The superannuation receivable is always offset by a corresponding payable, nullifying credit risk for this line item. The maximum exposure to credit risk at the reporting date is the higher of the carrying amount and fair value of receivables.

Information regarding the effective credit risk of both current and non-current receivables is set out in the Financial risk management disclosures at Note 42.

Note 18 Inventories

Current

Inventories held for other than distribution

Total current inventories

Total inventories

	387	434	241	250
	387	434	241	250
	387	434	241	250

	Consolidated		University	
	2015	2014	2015	2014
<i>Note</i>	\$'000	\$'000	\$'000	\$'000

Note 19 Other financial assets

Current

Held-to-maturity - Term deposits greater than 90 days

9,375	49,546	9,375	49,546
9,375	49,546	9,375	49,546

Held-to-maturity assets impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets. None of the held-to-maturity assets are either past due or impaired. All held-to-maturity assets are held in Australian currency, therefore there is no exposure to foreign currency risk.

Non-current

Available-for-sale financial assets

Interests in business undertakings:

Subsidiaries at Council valuation	35	-	-	4,754	6,662
Other entities ⁽¹⁾		9,200	2,058	9,200	2,058
International equities		-	6	-	-
Australian equities		3,437	2,990	-	-

Total available-for-sale financial assets

Financial assets at fair value through profit or loss ^

Managed Funds

Deutsche Bank Private Wealth Management

JBWere

	3		3
4,791	4,943	4,791	4,943
4,791	4,946	4,791	4,946

Equities

- Australian equities

International equities

28,244	38,316	28,244	37,287
10,633	709	10,633	709

Total financial assets at fair value through profit or loss

43,668	43,971	43,668	42,942
--------	--------	--------	--------

Total non-current other financial assets

56,305	49,025	57,622	51,662
--------	--------	--------	--------

Total other financial assets

65,680	98,571	66,997	101,208
--------	--------	--------	---------

^A Changes in fair values of other financial assets at fair value through profit or loss are recorded in investment revenue and income in the Income Statement and disclosed in Note 6. Investment revenue and other income.

¹⁾ Education Australia has distributed a dividend of \$263k in 2015 and has been revalued to \$9.2m (2014 \$2.0m) post Australian Stock Exchange listing.

Note 20 Other non-financial assets

Current

Prepayments

8.145 8.121 8.119 8.095

Non Current

Prepayments

6,441 6,537 6,441 6,537

Total other non-financial assets

14,586	14,658	14,560	14,632
--------	--------	--------	--------

Note 21 Investments accounted for using the equity method**(a) Jointly controlled entity**

		Ownership interest	
		2015	2014
FCD Health Limited	Operates the Palmerston (NT) GP Super Clinic.	50%	50%

Summarised financial information for individually material joint ventures is set out below:

		Consolidated	
		2015	2014
		\$'000	\$'000
Financial Position			
Current assets		1,145	873
Non-current assets		631	369
Total assets		1,776	1,242
Current Liabilities		586	349
Non-current liabilities		64	38
		650	387
Net Assets		1,126	855
Share of joint venture's net assets		563	428
Financial Performance			
Total Revenue		5,955	5,101
Total Expenses		5,685	4,912
Profit/(loss)		270	189
Share of jointly controlled entities' profit/(loss)		135	95
Reconciliation of carrying amounts:			
Balance as at 1 January		428	333
Share of profit for the year		135	95
Balance as at 31 December		563	428

Note 21 Investments accounted for using the equity method (continued)

(b) Associate

Flinders Reproductive Medicine (FRM)

FRM provides a high quality comprehensive infertility investigatory and treatment service. The University has a 50% interest in Flinders Reproductive Medicine (FRM) which is Trustee for the Flinders Charitable Trust. The Trust fully distributes its surpluses each year following a declaration by the trustees. As the Trustees have not made a declaration for the 2015 financial year, the University has accounted for the investment in Flinders Reproductive Medicine using the equity method.

Re-Time Pty Ltd

Re-Time was formed in 2010 to help people re-time their body clocks and improve sleep. The investment in Re-Time Pty Ltd is held by Flinders Partners and is accounted for using the equity method of accounting. Re-Time was a partly owned subsidiary of Flinders Partners until 19 December 2012 at which time it was determined that Flinders Partners had a loss of control of the entity, by virtue of the reduction in the percentage of share capital held, and the fact only significant influence (34.7%) was held by Flinders Partners over the entity.

Summarised financial information for this associate is set out below:

	FRM		Re-Time	
	Ownership interest		Ownership interest	
	2015	2014	2015	2014
	50%	50%	35%	35%
	Consolidated		Consolidated	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Financial Position				
Current assets	4,732	4,326	512	508
Non-current assets	1,393	1,278	266	392
Total assets	6,125	5,604	778	900
Current Liabilities	5,406	4,507	101	183
Non-current liabilities	120	5	-	-
Total Liabilities	5,526	4,512	101	183
Net Assets	599	1,092	677	717
Share of associate's net assets	300	546	235	249
Financial Performance				
Total Revenue	4,536	4,618	774	899
Total Expenses	3,972	3,526	809	941
Profit/(loss)	564	1,092	(35)	(42)
Share of associate's profit/(loss)	282	546	(12)	(27)
Reconciliation of carrying amounts				
Balance as at 1 January	546	-	249	350
Share of profit for the year	282	546	(12)	(27)
Distribution to the beneficiary	(528)	-	(2)	-
Additions/(Disposals)	-	-	-	(74)
Balance as at 31 December	300	546	235	249

Note

Note 22 Property, plant and equipment**Land, buildings and infrastructure****Crown Land:**

2013 Independent valuation

Net book amount**Freehold Land:**

2013 Independent valuation

At cost

Net book amount**Total Land****Buildings:**

2013 Independent valuation

At cost

Total Buildings**Infrastructure:**

2013 Independent valuation

At cost

Total Infrastructure**Total Buildings and infrastructure**

Less: Accumulated depreciation

Total Buildings and infrastructure net book amount**Leasehold Improvements**

Leasehold Improvements

Less: Accumulated amortisation

Net book amount

Construction in progress

Total Land, buildings and infrastructure net book amount**Library collection**

At fair value

Less: Accumulated depreciation

Net book amount**Equipment**

At fair value

Less: Accumulated depreciation

Net book amount**Leased Equipment**

At fair value

Less: Accumulated depreciation

Net book amount**Works of Art**

2013 Independent valuation

At council valuation

Net book amount**Total property, plant and equipment**

Consolidated		University	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
31,040	32,030	31,040	32,030
31,040	32,030	31,040	32,030
5,352	5,352	5,352	5,352
2,584	84	2,584	84
7,936	5,436	7,936	5,436
38,976	37,466	38,976	37,466
282,553	289,900	282,553	289,900
136,778	106,410	136,778	106,410
419,331	396,310	419,331	396,310
24,414	24,882	24,414	24,882
4,828	1,155	4,828	1,155
29,242	26,037	29,242	26,037
448,573	422,347	448,573	422,347
(25,995)	(10,737)	(25,995)	(10,737)
422,578	411,610	422,578	411,610
5,886	2,469	5,886	2,469
(899)	(293)	(899)	(293)
4,987	2,176	4,987	2,176
63,554	39,373	63,554	39,373
530,095	490,625	530,095	490,625
33,189	30,981	33,189	30,981
(15,134)	(13,881)	(15,134)	(13,881)
18,055	17,100	18,055	17,100
70,806	65,424	68,709	63,312
(42,864)	(39,877)	(41,666)	(38,722)
27,942	25,547	27,043	24,590
8,245	8,245	8,245	8,245
(3,298)	(1,649)	(3,298)	(1,649)
4,947	6,596	4,947	6,596
5,528	5,528	5,528	5,528
531	280	531	280
6,059	5,808	6,059	5,808
587,098	545,676	586,199	544,719

Note 22 Property, plant and equipment (continued)

Valuations of land and buildings

Land, buildings and infrastructure were revalued as at 31 December 2013 by Richard Wood B.App.Sc (Val) AAPI CPV of Opteon Pty Ltd. The basis of the valuation was written down current value (existing use). The basis of valuation of land, buildings and infrastructure is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. Buildings located in remote areas have retained cost as the valuation amount due to minimal movement in market conditions within the remote locations.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year are as follows:

	Land	Buildings	Infra-structure	Construction in progress	Leasehold Improvements	Library	Equipment	Leased Equipment	Works of Art	Total
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000
Consolidated										
Year ended 31 December 2014										
Opening net book amount	37,382	289,887	24,998	37,601	2,469	16,618	22,341	-	5,528	436,824
Additions	-	561	-	111,138	-	4,067	9,127	8,245	280	133,418
Reclassification	84	108,127	1,155	(109,366)	-	-	-	-	-	-
Disposals	-	(889)	(116)	-	-	-	(531)	-	-	(1,536)
Impairment revaluation decrement	-	(1,242)	-	-	-	-	-	-	-	(1,242)
Depreciation/amortisation charge	-	(9,974)	(897)	-	(293)	(3,585)	(5,390)	(1,190)	-	(21,329)
Finance costs on leased equipment	-	-	-	-	-	-	-	(459)	-	(459)
Closing net book amount	37,466	386,470	25,140	39,373	2,176	17,100	25,547	6,596	5,808	545,676
Year ended 31 December 2015										
Opening net book amount	37,466	386,470	25,140	39,373	2,176	17,100	25,547	6,596	5,808	545,676
Additions	-	-	-	61,732	-	4,713	8,218	-	251	74,914
Reclassification	2,500	27,834	3,667	(37,551)	3,417	-	133	-	-	-
Disposals	(990)	(4,564)	(447)	-	-	-	-	-	-	(6,001)
Depreciation/amortisation charge	-	(14,565)	(957)	-	(606)	(3,758)	(5,956)	(1,279)	-	(27,121)
Finance costs on leased equipment	-	-	-	-	-	-	-	(370)	-	(370)
Closing net book amount	38,976	395,175	27,403	63,554	4,987	18,055	27,942	4,947	6,059	587,098
University										
Year ended 31 December 2014										
Opening net book amount	37,382	289,887	24,998	37,601	2,469	16,618	21,086	-	5,528	435,569
Additions	-	561	-	111,138	-	4,067	9,277	8,245	280	133,568
Reclassification	84	108,127	1,155	(109,366)	-	-	-	-	-	-
Disposals	-	(889)	(116)	-	-	-	(533)	-	-	(1,538)
Impairment revaluation decrement	-	(1,242)	-	-	-	-	-	-	-	(1,242)
Depreciation/amortisation charge	-	(9,974)	(897)	-	(293)	(3,585)	(5,240)	(1,190)	-	(21,179)
Finance costs on leased equipment	-	-	-	-	-	-	-	(459)	-	(459)
Closing net book amount	37,466	386,470	25,140	39,373	2,176	17,100	24,590	6,596	5,808	544,719
Year ended 31 December 2015										
Opening net book amount	37,466	386,470	25,140	39,373	2,176	17,100	24,590	6,596	5,808	544,719
Additions	-	-	-	61,732	-	4,713	8,170	-	251	74,866
Reclassification	2,500	27,834	3,667	(37,551)	3,417	-	133	-	-	-
Disposals ^a	(990)	(4,564)	(447)	-	-	-	-	-	-	(6,001)
Depreciation/amortisation charge	-	(14,565)	(957)	-	(606)	(3,758)	(5,850)	(1,279)	-	(27,015)
Finance costs on leased equipment	-	-	-	-	-	-	-	(370)	-	(370)
Closing net book amount	38,976	395,175	27,403	63,554	4,987	18,055	27,043	4,947	6,059	586,199

Note: The University has restrictions imposed on the real property listed in this Note under *The Flinders University of South Australia Act, 1966*. Section 3 (5) of the Act states;

"The University must not alienate (except by way of lease for a term not exceeding 21 years), mortgage or charge land vested in or conveyed to the University on trust except with, and in accordance with any terms or conditions of, an approval given by the Governor."

^a Includes transfer of Lincoln Marine Science Centre with a net book value of \$6m (Buildings & Infrastructure \$5m and Land \$1m) to State Government for Nil consideration.

The University also occupies various sites in the Northern Territory on Crown Land. The value of these properties is \$17.4m (2014 \$17.4m).

	Consolidated		University	
<i>Note</i>	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

Note 23 Investment property**At Fair value:**

Opening balance at 1 January	9,203	9,400	9,203	9,400
Net (loss) from fair value adjustments	(903)	(197)	(903)	(197)
Closing balance at 31 December	8,300	9,203	8,300	9,203

(a) Amounts recognised in profit or loss for investment properties

Rental Income	1,196	1,164	1,196	1,387
Direct operating expenses (rent generating properties)	(306)	(498)	(306)	(498)
Other direct operating expenses	(188)	(55)	(188)	(55)
Total recognised in profit or loss	702	611	702	834

For fair value hierarchy categorisation of investment properties see note 43(b).

(b) Valuation basis

The investment property is valued at fair value being the estimated price that would be received to sell the property in an orderly transaction between market participants at the valuation date.

(c) Non-current assets pledged as security

No non-current assets have been pledged.

(d) Contractual Obligations

There are no material contractual obligations for the investment property

(e) Leasing arrangements

The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:

Not later than one year	69	289	69	289
Later than one year and not later than 5 years	144	226	144	226
Later than 5 years	-	-	-	-
Total lease commitments as lessor	213	515	213	515

In 2000 the University purchased the Mark Oliphant building in Science Park as an investment property. As at 31 December 2015, 95% (2014: 77%) of the building is leased or available for lease to entities outside the Consolidated entity. 0% (2014: 8%) was leased to entities outside the University but within the Consolidated entity.

Note 24 Intangible assets**Non-current**

Software costs	26,078	13,726	26,078	13,726
Less: accumulated amortisation and impairment	(12,301)	(9,975)	(12,301)	(9,975)
	13,777	3,751	13,777	3,751
IT development in progress	3,215	8,318	3,215	8,318
Net book value of software costs	16,992	12,069	16,992	12,069
Project costs carried forward (development costs)	770	804	-	-
Net book value of project costs	770	804	-	-
Net book amount	17,762	12,873	16,992	12,069

Note 24 Intangible assets (continued)**At 1 January 2014**

Cost	
Accumulated amortisation and impairment	
Net book amount	

<i>Consolidated</i>			<i>University</i>	
<i>Software costs</i>	<i>Project costs</i>	<i>Total</i>	<i>Software costs</i>	<i>Total</i>
<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>

13,494	1,582	15,076	13,494	13,494
(9,161)	(832)	(9,993)	(9,161)	(9,161)
4,333	750	5,083	4,333	4,333

Year ended 31 December 2014

Opening net book amount	
Additions	
Disposals	
Amortisation charge	

Closing net book amount

4,333	750	5,083	4,333	4,333
826	54	880	826	826
(116)	-	(116)	(116)	(116)
(1,292)	-	(1,292)	(1,292)	(1,292)
3,751	804	4,555	3,751	3,751

At 31 December 2014

Cost	
Accumulated amortisation and impairment	
Net book amount	

14,204	1,636	15,840	14,204	14,204
(10,453)	(832)	(11,285)	(10,453)	(10,453)
3,751	804	4,555	3,751	3,751

Year ended 31 December 2015

Opening net book amount	
Net additions	
Amortisation charge	

Closing net book amount

3,751	804	4,555	3,751	3,751
12,352	(34)	12,318	12,352	12,352
(2,326)	-	(2,326)	(2,326)	(2,326)
13,777	770	14,547	13,777	13,777

At 31 December 2015

Cost	
Accumulated amortisation and impairment	
Net book amount	

26,556	1,602	28,158	26,556	26,556
(12,779)	(832)	(13,611)	(12,779)	(12,779)
13,777	770	14,547	13,777	13,777

Note 25 Trade and other payables**Current**

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Creditors	11,097	8,290	9,707	7,498
OS-HELP liability to Australian Government	695	-	695	-
Accrued expenses	19,611	16,738	19,146	16,525
Annual leave on costs	3,072	3,060	3,072	3,060
Long service leave on costs	705	570	705	570
Total current trade and other payables	35,180	28,658	33,325	27,653

Non-current

Creditors	177	-	-	-
Long service leave on costs	3,904	3,787	3,904	3,787
Total non-current trade and other payables	4,081	3,787	3,904	3,787
Total trade and other payables	39,261	32,445	37,229	31,440

(a) Foreign currency risk

There are no material exposures to foreign currency in the carrying amounts of the Consolidated entity and University's payables.

Note 26 Borrowings**Current**

Finance Lease Liabilities	1,643	1,549	1,643	1,549
Total current borrowings	1,643	1,549	1,643	1,549

Non-Current

Finance Lease Liabilities	3,593	5,236	3,593	5,236
Long Term Borrowings	600	-	-	-
Total Non-current borrowings	4,193	5,236	3,593	5,236
Total Borrowings	5,836	6,785	5,236	6,785

The above finance lease liability is for network equipment over a five year period commencing January 2014.

The amounts payable are denoted in Australian dollars and do not vary with interest rate movements.

Assets pledged as security

There are no assets pledged as security.

Financing arrangements

Flinders University has the following arrangements with the NAB –

Overdraft facility ⁽¹⁾	500	500	500	500
Amount used	-	-	-	-
Unused overdraft facility	500	500	500	500
Visa credit cards facility ⁽¹⁾	4,560	4,560	4,500	4,500
Amount used	(551)	(504)	(518)	(492)
Unused credit cards facility	4,009	4,056	3,982	4,008

⁽¹⁾ These facilities are unsecured.

Note 27 Provisions

Current provisions

Employee benefits

Annual leave < 12 months

10,534 10,384 10,310 10,213

Annual leave > 12 months

4,141 4,076 4,141 4,076

Long service leave

4,377 4,023 4,237 3,590

Defined benefit obligation

44 3,177 3,202 3,177 3,202

Severance (contract employees)

840 741 500 698

Total employee benefits

23,069 22,426 22,365 21,779

Workers' compensation

247 385 238 369

Total current provisions

23,316 22,811 22,603 22,148

Non-current provisions

Employee benefits

Long service leave

44 24,234 23,335 24,188 23,293

Defined benefit obligation

44 48,927 52,005 48,927 52,005

Severance (contract employees)

144 161 144 162

Total employee benefits

73,305 75,501 73,259 75,460

Workers' compensation

463 153 463 153

Total non-current provisions

73,768 75,654 73,722 75,613

Total provisions

97,084 98,465 96,325 97,761

Reconciliation of employee benefits

Current employee benefits

23,069 22,426 22,365 21,779

Non current employee benefits

73,305 75,501 73,259 75,460

add Leave on costs (included in Note 25)

7,681 7,417 7,681 7,417

Aggregate employee benefits

104,055 105,344 103,305 104,656

Reconciliation of leave provisions

Annual leave

14,675 14,460 14,451 14,289

Annual leave on costs

3,072 3,060 3,072 3,060

Total annual leave provision

17,747 17,520 17,523 17,349

Long service leave

28,611 27,358 28,425 26,883

Long service leave on costs

4,609 4,357 4,609 4,357

Total long service leave provision

33,220 31,715 33,034 31,240

Total leave provisions

50,967 49,235 50,557 48,589

Movements in the workers compensation liability are set out below:

Workers' Compensation

Carrying amount at start of year

538 1,100 522 1,100

Additional provisions recognised

637 185 644 169

Amounts used

(465) (747) (465) (747)

Carrying amount at end of year

710 538 701 522

Note 28 Other liabilities**Current**

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Income in advance				
Fees & charges	7,978	6,873	7,978	6,873
Other	213	335	213	282
Total Income in advance	8,191	7,208	8,191	7,155
Australian Government unspent financial assistance	-	151	-	151
Total current other liabilities	8,191	7,359	8,191	7,306
Interest-bearing funds held on behalf of external entities				
Student entities	9	8	1,011	1,023
Other entities	1,520	1,338	1,520	1,338
Total current unsecured interest bearing liabilities	1,529	1,346	2,531	2,361
Total current other liabilities	9,720	8,705	10,722	9,667
Total other liabilities	9,720	8,705	10,722	9,667

Interest bearing liabilities consist of funds held at the request of related entities. These are not borrowings. The University invests these funds and provides an investment return to those entities. Funds held are at call. The University has no assets pledged as security for interest bearing liabilities.

	<i>Consolidated</i>		<i>University</i>	
Notes	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

Note 29 Reserves and retained earnings

(a) Reserves

Asset revaluation surplus

Property, plant and equipment revaluation surplus	142,430	142,430	142,949	142,949
Available-for-sale investments revaluation surplus	8,564	1,422	12,220	6,987
Total reserves	150,994	143,852	155,169	149,936

Movements in reserves

Balance 1 January	142,430	144,370	142,949	144,191
Increment/ (decrement) on revaluation of:				
- Impairment of Buildings	-	(1,242)	-	(1,242)
Transfer from revaluation reserve on sale of aircraft	-	(698)	-	-
Balance 31 December	142,430	142,430	142,949	142,949

Available-for-sale investments revaluation surplus

Balance 1 January	1,422	1,198	6,987	11,541
Increment/ (decrement) on revaluation	7,142	224	5,233	(4,554)
Balance 31 December	8,564	1,422	12,220	6,987

Movements in retained earnings were as follows:

Retained earnings at 1 January	495,636	482,722	488,646	472,785
Net result for the period	14,283	12,216	16,537	15,861
Transfer from revaluation reserve on sale of aircraft	-	698	-	-
Retained earnings at 31 December	509,919	495,636	505,183	488,646

(b) Nature and purpose of reserves

(1) Property, plant and equipment reserve

The property, plant and equipment revaluation surplus records revaluation in land, buildings, infrastructure, library and artwork.

(2) Available-for-sale investments revaluation reserve

The available-for-sale investments revaluation surplus records revaluations in investments.

Note 30 Key management personnel disclosures

30.1 Responsible persons

The principal governing body of the University is its Council. All members of the University Council were appointed or elected under the provisions of the *Flinders University of South Australia Act*, 1966. Council members include University employees who may be ex-officio members or elected staff members.

(a) Names of responsible persons and executive officers:

The following persons were responsible persons and executive officers of Flinders University during the financial year:

COUNCIL MEMBERS IN 2015

Persons listed were all Council members for the full year unless otherwise indicated. An asterisk indicates University employees.

Members ex officio

Chancellor

Mr Stephen Gerlach, AM

Vice-Chancellor

*Professor Colin Stirling

Presiding member of the Academic Senate

*Professor Eimear Muir-Cochrane

Members appointed by the Council

Mrs Leonie Clyne OAM

Mr Douglas Gautier

Mr Marty Gauvin (to 01/12/2015)

Ms Kathryn Gramp

Mrs Peggy Lau Flux

Ms Elizabeth Perry

Mr Austin Taylor

Professor Brenda Wilson (from 01/10/2015)

Mrs Christine Zeitz

University Senior Management

Professor Richard Constantine (to 27/11/2015)

Professor Nancy Cromar

Professor David Day (to 03/07/2015)

Professor Michael Kidd

Professor Warren Lawrance

Professor Richard Maltby

Mr Shane McGregor (to 04/09/2015)

Professor Andrew Parkin

Professor Robert Saint (from 15/06/2015)

Professor Colin Stirling

Professor Phyllis Tharenou

Ms Callista Thillou

Member co-opted and appointed by the Council

Professor Goran Roos

Members elected by the academic staff

*Professor Leon Lack

*Dr Clare McCarty

Members elected by the non-academic staff

*Ms Debra Hackett

*Ms Pamela Smith

Student members elected by the students

Mr Leon Cermak

Ms Karen Patterson

Student member appointed by the Vice-Chancellor

Mr James Vigus

Note 30 Key management personnel disclosures (continued)

30.1 Responsible persons (continued)

(b) Remuneration of Council members

The following table comprises total remuneration that falls within the prescribed bandwidths for Council members. Remuneration for Executive Officers who are also Council members is shown as zero in this table, with their total remuneration shown under Remuneration of Executive Officers. Some members of Council are employees of the University and they receive no additional remuneration above their normal entitlements for being a Council member. University Council members receive no remuneration for being a Council member but may receive remuneration for board membership of subsidiaries.

	Consolidated		University	
	2015	2014	2015	2014
Nil	19	18	21	21
\$20,000 - \$29,999	2	2	-	-
\$30,000 - \$39,999	-	1	-	-
Number of members	21	21	21	21
Aggregate remuneration of Council members (\$'000)	48	87	Nil	Nil

30.2 Key management personnel

(a) Remuneration of key management personnel

The remuneration includes salary, employer's superannuation costs and other benefits, including the associated fringe benefits tax. No loans have been provided to key management personnel and any other transaction between personnel and the University has been undertaken on a normal commercial basis. No members of Council received any remuneration from the University other than by way of salary and related benefits arising from a normal employment relationship.

The table comprises total remuneration that falls within the prescribed bandwidths for executives:

	Consolidated		University	
	2015	2014	2015	2014
	Number of staff		Number of staff	
\$210,000 - \$219,999	1	-	1	-
\$230,000 - \$239,999	1	-	1	-
\$270,000 - \$279,999	-	2	-	2
\$280,000 - \$289,999	2	-	2	-
\$290,000 - \$299,999	-	1	-	1
\$300,000 - \$309,999	1	-	1	-
\$320,000 - \$329,999	-	1	-	1
\$350,000 - \$359,999	-	1	-	1
\$360,000 - \$369,999	1	-	1	-
\$380,000 - \$389,999	1	1	1	1
\$390,000 - \$399,999	2	1	2	1
\$400,000 - \$409,999	-	1	-	1
\$410,000 - \$419,999	1	-	1	-
\$420,000 - \$429,999	-	2	-	2
\$520,000 - \$529,999	1	-	1	-
\$920,000 - \$929,999 *	-	1	-	1
\$1,190,000 - \$1,199,999 ^	1	-	1	-
	12	11	12	11
Aggregate remuneration of Executives (\$'000)	5,014	4,483	5,014	4,483

^ The Vice-Chancellor's remuneration includes recurring benefits of \$970k and non-recurring payments associated with his appointment of \$225k

*The payments made to the then Vice-Chancellor include \$131k of payments for accrued leave on retirement.

** The number of executives has increased by one from 2014. One Executive retired and was replaced mid year, so two staff are included in the above table for the one post.

Note 30 Key management personnel disclosures (continued)**30.2 Key management personnel (continued)****(a) Remuneration of key management personnel (continued)****Key management personnel compensation**

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	4,070	3,690	4,070	3,690
Post-employment benefits	593	585	593	585
Other long-term benefits	167	123	167	123
Termination benefits	184	85	184	85
Total key management personnel compensation	5,014	4,483	5,014	4,483

The Department of Education and Training Guidelines specify that: "For the purposes of AASB 124, key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the University, directly or indirectly, including any director (whether executive or otherwise) of the University". The Department of Education guidelines provide further guidance on the definition of key management personnel applicable to Universities by stating that "such persons should have authority and responsibility for planning, directing and controlling the activities of the whole University, and not just a faculty".

30.3 Related party transactions

From time to time University Council members have interests in entities with which the University conducts business. In all cases, transactions are undertaken on a normal commercial basis.

In 2014, the University entered into a contract with Tier 5 for the provision of data centre services. The Managing Director of Tier 5 Pty Ltd was a University Council member. The contract was independently verified as being on commercial terms and conditions. The contract ended in 2015. Payments made in 2015 were \$44k (2014 Nil).

In 2015 the University provided \$44k sponsorship to the Adelaide Festival Centre for the OzAsia Festival under normal commercial terms. A University Council member is the CEO and Artistic Director of the Adelaide Festival Centre.

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

Note 31 Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the University, its related practices and non-related audit firm

Audit of the financial statements

Fees paid to the South Australian Auditor-General's Department	303	316	303	316
Edwards Marshall	33	39	-	(3)
Total paid for audit	336	355	303	313

Other audit and assurance services

Fees paid to the South Australian Auditor-General's Department	-	9	-	9
Deloitte	297	309	297	309
Others	60	58	58	53
Total paid for audit and assurance	357	376	355	371
Total remuneration for audit services	693	731	658	684

The Auditor-General audited the Higher Education Research Data Collection for 2014 and Messenger Zerner will undertake the audit for 2015 data. Deloitte provide internal audit services to the University. Other audit and assurance services are largely for grant reporting purposes.

Note 32 Contingencies

Contingent assets

There were no contingent assets.

Contingent liabilities

The University is an exempt employer for ReturnToWorkSA purposes. The University is required by ReturnToWorkSA to have a bank guarantee in place for the purposes of covering workers compensation liabilities in the event that the University was unable to pay them. As at 31 December 2015 the University had a bank guarantee facility of \$1.01m in place (2014: \$1.93m).

Consolidated		University	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000

Note 33 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, Plant and Equipment

Within one year	13,944	61,497	13,944	61,497
Between one and five years	1,608	1,932	1,608	1,932
Later than five years	-	-	-	-
	15,552	63,429	15,552	63,429

Intangible assets

Within one year	8,364	6,821	8,364	6,821
Between one and five years	2,988	7,183	2,988	7,183
Later than five years	41	755	41	755
	11,393	14,759	11,393	14,759

Total Capital commitments

26,945	78,188	26,945	78,188
--------	--------	--------	--------

(b) Lease commitments

Operating leases

The University has various operating leases of property and equipment. Lease amounts have only been included in the table where there is a non-cancellable commitment.

University as lessee

Total lease payments recognised as an expense during the reporting period	4,675	3,346	4,605	3,402
---	-------	-------	-------	-------

Commitments

Commitments in relation to leases contracted for as at the reporting date but not recognised as liabilities are payable as follows:

Within one year	2,473	1,676	2,473	1,676
Between one and five years	3,300	4,687	3,300	4,687
Later than 5 years	5,066	5,059	5,066	5,059

Total future minimum lease payments

10,839	11,422	10,839	11,422
--------	--------	--------	--------

University as lessor

Lease receivables contracted but not included in the financial statements and receivable as follows:

Within one year	626	675	626	830
Between one and five years	1,223	588	1,223	723
Later than 5 years	117	464	117	464

Total lease commitments as lessor

1,966	1,727	1,966	2,017
-------	-------	-------	-------

The University has accommodation for 560 students available on campus that are leased on a yearly basis. As leases are not entered into until February and are completed before the end of the year, they are not included in the above figures.

The above table includes Investment Property operating leases. Refer to note 23, Investment Property.

The University leases a small amount of space on its main campus to commercial entities that provide services to students and staff.

Note 33 Commitments (continued)**(c) Other expenditure commitments**

Commitments in existence at the reporting date but not recognised as liabilities, payable:

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Within one year	6,940	4,552	6,940	4,552
Between one year and five years	1,208	3,410	1,208	3,410
Later than five years	-	-	-	-
Total other expenditure commitments	8,148	7,962	8,148	7,962

Note 34 Related parties**(a) Parent entity**

The ultimate parent entity within the group is Flinders University.

(b) Subsidiaries, joint operations and associates

Interests in subsidiaries are set out in Note 35, interests in joint operations are set out in Note 36 and interests in associates are set out in Note 38.

(c) Council members and senior management

Disclosures relating to the University Council Members and Senior Management are detailed in Note 30.

(d) Students at the Flinders University

From time to time, Council members will have members of their immediate family who are students at the University. Such students are subject to the same fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

(e) Loans to/(from) Subsidiaries

	Consolidated		University	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Beginning of the year	-	-	500	-
Loans advanced	-	-	250	500
Loans repayments received	-	-	(250)	-
Interest charged	-	-	22	-
Interest received	-	-	(7)	-
End of year	-	-	515	500

Note 35 Subsidiaries

Flinders University is the Parent entity or ultimate Parent entity of the following entities, all of which are incorporated in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Principal activities	Ownership interest	
		2015 %	2014 %
Flinders Bioremediation Pty Ltd	Develop and extend commercial activities of the University in the areas of soil bioremediation, organic waste management and related technologies	100	100
Flinders Campus Community Services Inc.	Provides on-campus services and support for students	100	100
Flinders Partners Pty Ltd	Commercialisation of University sourced intellectual property and conduct of commercial consultancies	100	100
Strategiize Pty Ltd (formerly Flinders MediTech Pty Ltd.) (subsidiary of Flinders Partners Pty Ltd)	Software development company	100	100
InRemedy Pty Ltd (subsidiary of Flinders Partners Pty Ltd)	Healthcare consultancy	100	100
unIPartners Ltd (subsidiary of Flinders Partners Pty Ltd)	Creates new growth companies from University research in South Australia	62	46
Clevertar Pty Ltd (subsidiary of Flinders Partners Pty Ltd)	Software development company	51	76
Lung Health Diagnostics Pty Ltd	Biotech development company	60	60
National Institute of Labour Studies (NILS) Foundation Inc. ^	Supports the activities of NILS	-	100
Flinders Consulting Pty Ltd ^^	Consulting, subsumed by Flinders Partners.	-	100

^ NILS Foundation was liquidated during 2015 and its assets distributed to the University and held for the benefit of NILS.

^^ Flinders Consulting was liquidated during 2015 and net assets have been distributed.

Note 36 Joint Arrangements

		Consolidated		University	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
(a) Joint operations					
Entity name	Principal activity	Ownership interest			
		2015	2014	2015	2014
		%	%		
Centre for Remote Health	Provision of health education and research to remote areas	50	50		
Assets					
Cash at bank		918	780	918	780
Receivables		33	73	33	73
Property Plant and equipment		2,485	2,588	2,485	2,588
Total assets		3,436	3,441	3,436	3,441
Liabilities					
Payables		40	42	40	42
Provisions		213	219	213	219
Total liabilities		253	261	253	261
Share of net assets employed in the joint venture		3,183	3,180	3,183	3,180
Jointly controlled operations					
Entity name	Principal activity	Ownership interest			
		2015	2014	2015	2014
		%	%		
Rubuntja Building, Alice Springs Hospital	Education and research services providing health services to local & remote Indigenous populations.	41	41		
Assets					
Property, plant and equipment		1,038	1,092	1,038	1,092
Share of net assets employed in the joint venture		1,038	1,092	1,038	1,092
Lincoln Marine Science Centre, Port Lincoln					
Entity name	Principal activity	Ownership interest			
		2015	2014	2015	2014
		%	%		
Lincoln Marine Science Centre, Port Lincoln	Supports research and tertiary level education in marine science	-	43		
Assets					
Property, plant and equipment		-	6,111	-	6,111
Share of net assets employed in the joint venture		-	6,111	-	6,111
In 2015 the University transferred ownership of the Lincoln Marine Science Centre to the SA State Government for \$NIL consideration.					
University Research Repositories of South Australia					
Entity name	Principal activity	Ownership interest			
		2015	2014	2015	2014
		%	%		
University Research Repositories of South Australia	Provision of storage area for library books from three South Australian Universities	28	28		
University Research Repository of South Australia (URRSA)					
Assets					
Property, plant and equipment		1,338	1,377	1,338	1,377
Share of net assets employed in the joint venture		1,338	1,377	1,338	1,377

Note 36 Joint Arrangements (continued)**(a) Joint operations (continued)**

The assets employed in the above jointly controlled operations are detailed below. The amounts are included in the financial statements under their respective categories.

The University's joint operations have contingent liabilities of \$nil as at 31 December 2015 (2014: \$nil).

Other

The University has collaborative arrangements in place with a number of overseas institutions for joint teaching of students. Revenue is shared between the University and collaborating institutions. The University's share of revenue and expense is included in the Income Statement.

(b) Joint ventures

The University participates in a number of joint ventures for which the University's interest is not considered to be material. Accordingly they have not been taken up in the accounts.

Relevant disclosures are as follows:-

Name of entity		Reporting date	Principal activity	Ownership interest	
				2015 %	2014 %
eResearch SA	(U)	31-Dec	Supports and promotes the use of advanced and high-performance computing and communications.	33	33
South Australian Tertiary Admission Centre (SATAC)	(U)	31-Dec	Agent for tertiary institutions in Adelaide for receiving & processing applications for admission to tertiary level courses.	25	25
South Australian Centre for Economic Studies (SACES)	(U)	31-Dec	Conducts research on economic issues for government and private sector bodies.	-	50

(U) Unincorporated

(c) Other information

(1) **Capital expenditure commitments**- No material capital expenditure commitments.

(2) **Contingent liabilities** - No material contingent liabilities.

(3) **After balance date events**- No material after balance date events.

Note 37 Cooperative Research Centres (CRC)

The University participates in a number of Cooperative Research Centres (CRC) Programme. A CRC is a research initiative of the Australian Government established to pursue specific areas of research and supports industry-led collaborations between researchers, industry and the community. Flinders University participates in the below listed CRCs but does not control or have any significant influence in these entities that require the University to record them as either Joint Operations or Associates. The University does not record any of the CRC entities as investments in the financial statements.

Name of Entity	Principal Activity
Alertness CRC Ltd	To promote the prevention and control of sleep loss and sleep disorders and to develop new tools and products for individuals and organisations to improve alertness, productivity and safety.
Australian Seafood Cooperative Research Centre	To assist end-users of its research to profitably deliver safe, high-quality, nutritious Australian seafood products to premium markets - domestically and overseas.
Bushfire & Natural Hazards CRC	To explore the causes, consequences and mitigation of natural disasters.
Innovative Manufacturing CRC	To lead Australia's transition into high value, high knowledge based manufacturing through support and facilitation of innovative manufacturing organisations.
Pork CRC	To maintain local pork production of high quality food for a reasonable price and return on production capital invested, without negatively impacting pig welfare, the environment or the health of the consumer.
The Cooperative Research Centre for Remote Economic Participation	To deliver solutions to the economic challenges that affect remote Australia.
The Lowitja Institute	To provide a cross cultural framework for strategic research leading to evidence based improvements in education and health practice.
The Young and Well Cooperative Research Centre	To unite young people with researchers, practitioners and policy makers from over 75 partner organisations across the non-profit, academic, government and corporate sectors.

Note 38 Associates

The University has significant influence but not control over the following associate.

SABRENet Ltd is established to be a non-profit institution to further use of advanced data networking for the conduct of research and education in South Australia. The founding members are the three South Australian Universities and the South Australian Government. The Defence Science and Technology Organisation (DSTO) is a contractual partner.

SABRENet Ltd is not accounted for using the equity method as the University does not have access to the residual assets of the entity.

Name of entity	Reporting date	Principal activity	Ownership interest	
			2015 %	2014 %
SABRENet Ltd	30-Jun	Delivers high capacity broadband network services to the education and research sector.	25	25
Re-Time Pty Ltd	30-Jun	Re-Time Pty Ltd was formed in 2010 to help people re-time their body clocks and improve sleep.	35	35

Note 39 Events occurring after the end of the reporting period

In mid-April the University introduced a Voluntary Early Retirement Scheme. Costs incurred in relation to this scheme will be included in the 2016 annual financial statements.

The University has long term investments in Australian and International equities managed by professional fund managers. The value of these investments fluctuates broadly in line with indicators of equity market movements and any adjustments to these values are taken up as unrealised gains or losses in the Income Statement. Note 19 has information about the value of these investments as at 31 December 2015.

Note 40 Reconciliation of net result to net cash flows from operating activities

	Notes	Consolidated		University	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Net result for the period		14,129	12,162	16,537	15,861
Non-cash items:					
Depreciation and amortisation		29,846	23,080	29,711	22,930
Net (gain)/loss on sale of non-current assets		5,998	980	6,001	763
Net contribution of assets		(291)	(277)	(291)	(277)
Fair value gains on other financial assets at fair value through profit or loss		(615)	(362)	(167)	(359)
Distributions		528	-	(1,081)	-
Impairment of Assets		(7)	114	72	114
Investment expenses paid direct from funds		165	163	165	49
Other		971	2,990	2,102	875
Total non-cash items		36,595	26,688	36,512	24,095
Change in assets and liabilities					
Decrease/(Increase) in receivables		260	(6,688)	127	(7,353)
Decrease/(Increase) in inventories		47	27	9	(43)
(Increase)/Decrease in other operating assets		72	(2,657)	72	(2,660)
Increase/(Decrease) in payables		5,504	(2,241)	4,478	(2,553)
(Decrease)/Increase in other provisions		(1,381)	12,085	(1,436)	12,016
Increase/(Decrease) in other operating liabilities		845	317	885	251
Net cash provided by operating activities		56,071	39,693	57,184	39,614

Cash balances not available for use

All cash balances are available for use (2014: all available).

Tax status

The activities of the University are exempt from income tax as are all but one of its controlled entities.

Note 41 Non-cash investing and financing activities

During the reporting period the University acquired works of art and library materials with an aggregate fair value of \$0.291million (2014: \$0.277 million) by means of donations. These acquisitions are not reflected in the Statement of Cash Flows.

Note 42 Financial risk management

The Consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest risk and price risk), credit risk and liquidity risk. The University has policies that manage financial instrument risk.

Investments tend to be largely held in term deposits with banking institutions, with a policy requirement that no more than 60% of short term investments are held with a single financial institution. Debtors are spread across a large number of customers and are predominantly public sector. The University's policy on short term investments requires investments to have a minimum Standard & Poors' or equivalent short-term credit rating of A-1. The University invests in Australian and International equities, mostly through professional fund managers. The University utilises derivative instruments such as forward exchange contracts solely to hedge foreign currency cash flow exposures. Investment funds managers used by the University also utilise derivative instruments in accordance with their respective risk policies which have been reviewed and accepted by the University. The University holds funds on behalf of other entities associated with the University and these funds are invested with University investments with the entities receiving a share of the investment returns.

<i>Recognised financial instruments</i>	<i>Notes</i>	<i>Accounting Policies</i>	<i>Terms and Conditions</i>
(i) Financial assets			
Cash at bank	1(g), 16	Recognised at nominal amounts.	Interest accrued credited to revenue in the period it is earned.
Deposits within 3 days	16	Recognised at nominal amounts.	Interest accrued credited to revenue in the period it is earned.
Term deposits	16, 19	Recognised at nominal amounts.	Interest accrued credited to revenue in the period it is earned.
Equities	19	Recognised at market value.	Carrying amount of investments adjusted to market value monthly.
Managed funds	19	Recognised at market value.	Accrued distributions credited to revenue monthly. Investments adjusted to market value monthly.
Interest in business undertakings	19	Recognised at fair value.	Carrying amount of investments reviewed annually to ensure that it is not in excess of the recoverable amount of these investments.
Receivables	17	Shown at amounts due from customers, inclusive of GST and reduced for expected credit losses (Provision for doubtful debts).	Credit is allowed for a 30 day term.
Derivative Instruments - Hedge Receivable	17	Recognised at fair value in revenue.	The gross payable and receivable values are recognised in the balance sheet. The net fair value is recognised as revenue or expense for the reporting period.
(ii) Financial liabilities			
Trade and other Payables	25	Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the Consolidated entity.	The University standard terms of trade is payment 30 days after receipt of invoice.
Interest bearing liabilities	28	Carried at their principal amounts.	Interest is credited monthly at the University's (weighted) interest earning rate on short term investments reduced by a nominal administration fee.
Income in advance	28	Carried at their nominal amounts.	Income is recognised in the period in which it is earned.
Non-interest bearing liabilities	28	Carried at their nominal amounts.	Nil

The Economic Entity uses forward exchange contracts to manage foreign currency cash flow risk, however other types of derivative financial instruments such as interest rate swaps are not directly used. The Economic Entity has approved the use of derivatives by its appointed Fund Managers within the bounds of their risk management policies. The main risks the Economic Entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Note 42 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Consolidated entity's exposure to foreign exchange risk is limited to its investments in international equities of \$10.633m in 2015 (2014: \$715k), and as indicated in Note 17 there is the equivalent of AUD \$31k (2014: \$329k) denoted in foreign currency receivables. There are \$NIL (2014: \$NIL) of trade and other payables denoted in foreign currency as per Note 25. The University utilised cash flow hedges to manage currency risk exposures. The net loss on cash flow hedges in 2015 was \$128k (2014: \$139k).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity has a finance lease with a fixed implicit interest rate with no other borrowings and therefore its interest rate risk exposure relates to income only. As at 31 December 2015 the Consolidated Entity held \$9.375m (2014: \$59.646m) in term deposits and short-term deposits earning interest at market rates. Refer Notes 16 and 19. The Consolidated Entity also held \$4.592m (2014: \$4.802m) in fixed interest managed funds. Refer Note 19.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Consolidated Entity's financial assets and financial liabilities to interest rate risk and other price risk.

31 December 2015	Carrying amount \$'000	Interest rate risk				Other Price risk			
		-1%		+1%		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets									
- Cash & cash equivalents	46,745	(467)	(467)	467	467	-	-	-	-
- Receivables	70,351	-	-	-	-	-	-	-	-
- Other financial assets	65,680	(124)	(124)	124	124	(282)	(282)	282	282
Financial liabilities									
- Payables	39,261	-	-	-	-	-	-	-	-
- Other liabilities	1,529	15	15	(15)	(15)	-	-	-	-
Total increase /(decrease)	141,986	(576)	(576)	576	576	(282)	(282)	282	282

31 December 2014	Carrying amount \$'000	Interest rate risk				Other Price risk			
		-1%		+1%		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets									
- Cash & cash equivalents	27,999	(280)	(280)	280	280	-	-	-	-
- Receivables	75,018	-	-	-	-	-	-	-	-
- Other financial assets	99,325	(500)	(500)	500	500	(383)	(383)	383	383
Financial liabilities									
- Payables	32,446	-	-	-	-	-	-	-	-
- Other liabilities	1,346	13	13	(13)	(13)	-	-	-	-
Total increase /(decrease)	168,550	(767)	(767)	767	767	(383)	(383)	383	383

The interest rate risk on other financial liabilities not included above is nil as these funds are invested on behalf of related entities and they bear the interest rate risk. No sensitivity analysis has been prepared for foreign exchange risk as the risks are immaterial.

The above sensitivity analysis has been prepared on the assumption that all other variables remain constant.

Note 42 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the financial statements. Except for the following concentration of credit risk, the Consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated entity:

• Superannuation receivable from EDUCATION of \$52.490m (2014: \$55.207m).

(c) Liquidity risk

Liquidity risk is the risk that financial obligations will not be able to be met when they fall due. The University manages liquidity risk by monitoring forecast cash flows and maintains sufficient cash to maintain short term flexibility and enable the University to meet financial commitments in a timely manner.

At reporting date the carrying amount of financial assets and liabilities approximates their net fair values.

The Consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at balance date are shown below.

The following tables summarise the maturity of the Consolidated financial assets and financial liabilities:

31 December 2015	Less than 1 Year	1 to 5 Years	5+ Years	Non- interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	46,745	-	-	21	46,766
Receivables	-	-	-	70,351	70,351
Other financial assets	12,368	1,033	765	51,514	65,680
Total financial assets	59,113	1,033	765	121,886	182,797
Financial liabilities					
Payables	-	-	-	39,261	39,261
Other liabilities	1,529	-	-	-	1,529
Total financial liabilities	1,529	-	-	39,261	40,790
Net financial assets	57,584	1,033	765	82,625	142,007

31 December 2014	Less than 1 Year	1 to 5 Years	5+ Years	Non- interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	27,975	-	-	24	27,999
Receivables	-	-	-	75,018	75,018
Other financial assets	50,026	1,962	3,258	44,079	99,325
Total financial assets	78,001	1,962	3,258	119,121	202,342
Financial liabilities					
Payables	-	-	-	32,446	32,446
Other liabilities	1,346	-	-	-	1,346
Total financial liabilities	1,346	-	-	32,446	33,792
Net financial assets	76,655	1,962	3,258	86,675	168,550

Note 43 Fair value measurements

(a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The consolidated carrying amounts and aggregate fair values of financial assets and liabilities at balance date are:

	Notes	Consolidated			
		Carrying Amount		Fair Value	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial Assets					
Cash and cash equivalents	16	46,766	27,999	46,766	27,999
Receivables	17	70,964	75,624	70,964	75,624
Investments using the equity method	21	863	974	863	974
Other financial assets					
Held to maturity	19	9,375	49,546	9,375	49,546
Available-for-sale	19	12,637	5,054	12,637	5,054
Financial assets at fair value through profit or loss	19	43,668	43,971	43,668	43,971
Total Financial Assets		184,273	203,168	184,273	203,168
Non-Financial assets					
Other non-financial assets	20	14,586	14,658	14,586	14,658
Total Non-Financial assets		14,586	14,658	14,586	14,658
Financial Liabilities					
Payables	25	39,261	32,445	39,261	32,445
Borrowings	26	5,836	6,785	5,836	6,785
Other financial liabilities	28	1,529	1,346	1,529	1,346
Total Financial Liabilities		46,626	40,576	46,626	40,576

The Consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Land, buildings and infrastructure
- Available-for-sale financial assets
- Investment property

(b) Fair Value hierarchy

The Consolidated entity categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices within Level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2015.

Fair value measurements at 31 December 2015	Notes	Consolidated			
		2015 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets					
Equity securities	19	42,314	1,877	37,000	3,437
Debt securities	19	4,791	-	4,791	-
Other entities	19	9,200	-	-	9,200
Investments using the equity method	21	863	-	-	863
Total Financial Assets		57,168	1,877	41,791	13,500
Non Financial Assets					
Investment property	23	8,300	-	-	8,300
Land, buildings and infrastructure	22	466,541	-	-	466,541
Library	22	18,055	-	-	18,055
Works of Art	22	6,059	-	-	6,059
Total Non Financial Assets		498,955	-	-	498,955
Financial Liabilities					
Derivatives used for hedging		128	-	128	-
Total Financial Liabilities		128	-	128	-
Total Fair Value measurements at 31 December 2015		555,995	1,877	41,663	512,455

Note 43 Fair value measurements (continued)

(b) Fair Value hierarchy (continued)

Fair value measurements at 31 December 2014	Notes	Consolidated			
		2014	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements					
Financial assets					
Available-for sale financial assets					
Equity securities	19	42,021	2,088	36,937	2,996
Debt securities	19	4,946	-	4,946	-
Other entities	19	2,058	-	-	2,058
Investments using the equity method	21	974	-	-	974
Total Financial Assets		49,999	2,088	41,883	6,028
Non Financial Assets					
Investment property	23	9,203	-	-	9,203
Land, buildings and infrastructure	22	451,251	-	-	451,251
Library	22	17,100	-	-	17,100
Works of Art	22	5,808	-	-	5,808
Total Non Financial Assets		483,362	-	-	483,362
Financial Liabilities					
Derivatives used for hedging		121	-	121	-
Total Financial Liabilities		121	-	121	-
Total Fair Value measurements at 31 December 2014		533,240	2,088	41,762	489,390

(c) Valuation techniques used to derive level 2 and level 3 fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, managed investments and cash flow hedges) are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Consolidated entity uses quoted market prices or dealer quotes based on market conditions existing at each balance date. All of the resulting fair value estimates are included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and investments accounted for using the equity method.

An independent valuation was performed in December 2015 on investment properties and in 2013 on freehold land and building (classified as property, plant and equipment). All properties are revalued independently at least every three years. At the end of each reporting period, the Consolidated entity updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Consolidated entity determines the property's value within a range of reasonable fair value estimates.

The best evidence of fair value is the current price in an active market for similar properties. Where such information is not available the Consolidated entity considers information from a variety of sources, including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence

All resulting fair value estimates for properties are included in level 3.

Note 43 Fair value measurements (continued)

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the periods ended 31 December 2015 and 2014:

Level 3 Fair Value Measurements 2015

Consolidated

Level 3 Financial Assets	Unlisted equity securities	Land, Buildings and Infrastructure	Library	Works of Art	Investment Property	Other financial assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 January 2015	5,054	451,252	17,100	5,808	9,203	974	489,391
Gains or (losses) in profit or loss							
Additions	-	37,418	4,713	251	-	417	42,799
Disposals	-	(6,001)	-	-	-	-	(6,001)
Depreciation recognised in net result	-	(16,128)	(3,758)	-	-	-	(19,886)
Total gains or (losses) in profit or loss	-	15,289	955	251	-	417	16,912
Gains or (losses) in comprehensive income:							
Gain/(Loss) in other comprehensive income	7,142	-	-	-	-	-	7,142
Revaluation increment or (decrement)	441	-	-	-	(903)	-	(462)
Total gains or (losses) in other comprehensive income	7,583	-	-	-	(903)	-	6,680
Closing balance 31 December 2015	12,637	466,541	18,055	6,059	8,300	1,391	512,983

Level 3 Fair Value Measurements 2014

Consolidated

Level 3 Financial Assets	Unlisted equity securities	Land, Buildings and Infrastructure	Library	Works of Art	Investment Property	Other financial assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 January 2014	7,224	354,736	16,618	5,528	9,400	333	393,839
Gains or (losses) in profit or loss							
Additions	-	109,927	4,067	280	-	641	114,915
Disposals	-	(1,005)	-	-	-	-	(1,005)
Depreciation recognised in net result	-	(11,164)	(3,585)	-	-	-	(14,749)
Total gains or (losses) in profit or loss	-	97,758	482	280	-	641	99,161
Gains or (losses) in comprehensive income:							
Gain/(Loss) in other comprehensive income	224	-	-	-	-	-	224
Revaluation increment or (decrement)	(2,394)	(1,242)	-	-	(197)	-	(3,833)
Total gains or (losses) in other comprehensive income	(2,170)	(1,242)	-	-	(197)	-	(3,609)
Closing balance 31 December 2014	5,054	451,252	17,100	5,808	9,203	974	489,391

Note 44 Defined Benefit Plans

The University contributes to the following employee superannuation funds:

(i) UniSuper

(a) UniSuper Defined Benefit Plan or Accumulation 2

UniSuper Management Pty Ltd administers the Scheme and UniSuper Ltd is the Trustee. The University contributes at a rate double the contributions made by employees. Employees' contributions are normally 7% of their gross salaries. The fund provides the option of defined benefits based on years of service and final average salary or an accumulation fund.

UniSuper reports its results on a financial year ending 30 June.

As at 30 June 2015 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Benefit Plan.

In 2006 the UniSuper Trust Deed was amended so that in the event UniSuper assets are insufficient to provide for the benefits payable the Trustee must consider whether to reduce member benefits on a fair and equitable basis instead of requesting additional payments from employers. While remaining a defined benefits plan under superannuation law, the change in the UniSuper Trust Deed effectively alters the nature of the scheme to a defined contribution scheme under AASB 119.

As set out under paragraph 28 of AASB119 a defined benefit contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2015 the assets of the Defined Benefit Division (DBD) in aggregate were estimated to be:

- * \$1,479 million (June 2014: \$271m) above vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.
- * \$3,377 million (June 2014: \$2,071m) above accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 30 June 2014. The financial assumptions used were:

	<i>Vested Benefits</i>	<i>Accrued Benefits</i>
Gross of tax investment return:		
- Defined Benefit Division pensions	6.10%	7.80%
- Commercial rate indexed pensions	3.70%	3.70%
Net of tax investment return - non pensioner members	5.50%	7.00%
Consumer Price Index	2.75%	2.75%
Inflationary salary increases long term	3.75%	3.75%

Assets have been included at their net market value, ie allowing for realisation costs.

At 30 June 2015 the Vested Benefit Index (VBI) was 108.8% (2014: 101.7%) and the Accrued Benefit Index (ABI) was 122.6% (2014: 114.7%). As a result of the VBI being greater than 100% at 30 June 2015, the monitoring period and process set out in Clause 34 of the Trust Deed has not been instigated.

Clause 34 of the Trust Deed provides a mechanism for reducing benefits if after initially falling below specified threshold levels and after a period of at least four years, the ABI and VBI are below those thresholds (100% and 95% respectively).

Clause 34 was initiated following the 31 December 2008, 30 June 2011, 30 June 2012 and 30 June 2013 actuarial investigations.

Note 44 Defined Benefit Plans (continued)

(i) UniSuper (continued)

(a) UniSuper Defined Benefit Plan or Accumulation 2 (continued)

Following the end of the monitoring period commenced in relation to the 31 December 2008 actuarial investigation, the UniSuper Limited Board made a decision not to reduce accrued benefits but to reduce the rate at which benefits accrue in respect of the DBD membership after 1 January 2015.

After the four year monitoring periods ending on 30 June 2015, 30 June 2016 and 30 June 2017, if the ABI and/or VBI are below the specified thresholds (or the level of contribution is such that they are expected to decline to below those thresholds) the Trustee must consider if it is in the interests of members of Division A and Division B as a whole to reduce the benefits payable and if so must do so on a fair and equitable basis.

(b) UniSuper Award Plus Plan

UniSuper Management Pty Ltd administers the scheme and TESS Superannuation Ltd is the Trustee. The University contributes to the scheme at a rate determined by the trust deed. The scheme is non-contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University also makes contributions into the scheme for employee benefits arising under the Superannuation Guarantee Legislation.

(ii) South Australian Superannuation Scheme

a) Fund specific disclosure

The University has 73 (2014: 76) present and former employees who are members of closed State Government Pension and Lump Sum superannuation schemes. Under the schemes, defined benefits are paid as a lump sum or continuing pension on the termination of the employees' service, based on contributions made by the employee and the employees' final salary. Employee contributions and certain employer contributions are paid to the South Australian Superannuation Board (the Board) which is responsible for administering the schemes. Under current arrangements, the Board pays the benefits and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government funds the University on an emerging cost basis and recovers the State's share of the cost directly from the State government.

The University's superannuation liability with respect to future benefits for current employees and pensioners was assessed as at 31 December 2015. This assessment was performed by PricewaterhouseCoopers Securities Ltd Actuaries on information that was provided by the Director Superannuation, South Australian Department of Treasury and Finance. The University's superannuation liability was assessed as being \$52.1 million (2014: \$55.2 million). The net unfunded amount has been recognised in the accounts of the University as a liability with a corresponding receivable from the Commonwealth government (see Note 17). Recognition of the receivable from the Commonwealth is in accordance with Department of Education and Training Guidelines and reflects an assessment that while there is no specific legislated requirement, the Commonwealth has committed to funding the University's emerging costs.

The University expects to make a contribution of \$3.1 million (2014: \$3.2 million) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation is 14.47 years (2014: 14.84 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined benefit obligation - 31 Dec 2015	3,139	3,548	9,662	69,447	85,796
Defined benefit obligation - 31 Dec 2014	3,157	3,210	10,159	73,833	90,359

b) Categories of plan assets

	2015		2014	
	%		%	
	Active Market	No Active Market	Active Market	No Active Market
Cash and cash equivalents	3.3%	0.0%	2.3%	0.0%
Equity instruments	49.6%	0.0%	51.3%	0.0%
Debt instruments	2.0%	0.0%	2.1%	0.0%
Property	2.6%	11.8%	2.6%	11.5%
Diversified strategies growth	0.7%	9.0%	1.1%	7.5%
Diversified strategies income	13.8%	0.0%	14.0%	0.0%
Inflation linked securities	0.0%	7.2%	0.0%	7.6%
Total	72.0%	28.0%	73.4%	26.6%

Note 44 Defined Benefit Plans (continued)

(ii) South Australian Superannuation Scheme (continued)

b) Categories of plan assets (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
	%	%
Discount rate	3.2	3.1
Expected rate of salary increase	4.0	4.0
Long term CPI Increases	2.5	2.5

c) Actuarial assumptions and sensitivity

The sensitivity of the defined benefit obligation to changes in the significant assumptions is

Assumption	Increase in assumption	Impact on DBO liability	Decrease in assumption	Impact on DBO liability
	+	%	-	%
Discount rate	0.50%	(5.40%)	(0.50%)	5.90%
Expected rate of salary increase	0.50%	0.30%	(0.50%)	(0.30%)

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Statement of Financial Position.

d) Statement of Financial Position amounts

Reconciliation of the present value of the defined benefit obligation

	2015	2014
	\$'000	\$'000
Present value of defined benefit obligations		
Opening defined benefit obligation	58,868	50,485
Current Service Cost	133	205
Interest expense	1,776	2,248
	60,777	52,938
Remeasurements		
Actuarial losses/(gains) arising from changes in demographic assumptions		11
Actuarial losses/(gains) arising from changes in financial assumptions	(869)	8,994
Experience (gains)/losses	(540)	(221)
	59,368	61,722
Benefits paid	(3,370)	(2,854)
Closing defined benefit obligation	55,998	58,868
Net Liability Reconciliation		
Defined Benefit Obligation	55,998	58,868
Fair value of plan assets	(3,894)	(3,661)
Net Liability	52,104	55,207
Present value of obligation		
Opening defined benefit obligation	55,207	47,073
Current service costs	1,798	2,297
Remeasurements	(1,507)	8,716
Employer contributions	(3,394)	(2,879)
Total net liability/(asset) in balance sheet	52,104	55,207

Note 45 Entity information

Flinders University is a body corporate established by an Act of the South Australian Parliament, *Flinders University of South Australia Act*, 1966. It is domiciled in Australia and its address is Sturt Road, Bedford Park, South Australia, 5042. The University's Australian Business Number (ABN) is 65 542 596 200.

Note 46 Acronyms and abbreviations

AASB	Australian Accounting Standards Board
ARC	Australian Research Council
ATO	Australian Taxation Office
CGS	Commonwealth Grants Scheme
EDUCATION	Australian Government Department of Education and Training
FEE-HELP	Fee Higher Education Loan Programme (financial support for full-fee paying domestic students)
GST	Goods and Services Tax
HECS-HELP	Higher Education Contribution Scheme - Higher Education Loan Program
HESA	Higher Education Support Act
IFRS	International Financial Reporting Standards
NHMRC	National Health & Medical Research Council
OS-HELP	Overseas - Higher Education Loan Program
SA-HELP	Student Amenities Fee - Higher Education Loan Program

Note 47 Acquittal of Australian Government financial assistance

47.a Education - CGS and Other Education Grants

Note	Commonwealth Grant Scheme ⁽¹⁾		University ONLY Indigenous Support Program		Partnership and Participation Program ⁽²⁾	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	137,048	132,457	664	591	3,279	3,172
Net accrual adjustments	4,752	81	-	-	1,088	1,236
Revenue for the period	141,800	132,538	664	591	4,367	4,408
Surplus/ (deficit) from the previous year	-	-	-	-	1,167	427
Total revenue including accrued revenue	141,800	132,538	664	591	5,534	4,835
Less: expenses including accrued expenses	141,800	132,538	664	591	4,267	3,668
Surplus/ (deficit) for reporting period	-	-	-	-	1,267	1,167

[1] Includes the basic CGS grant amount, CGS-Regional loading, CGS-Enabling loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

[2] Includes Equity Support Program. \$6k is to be returned to the Department.

Note	Disability Support Program		University ONLY Promotion of Excellence in Learning and Teaching		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	250	164	527	626	141,768	137,010
Net accrual adjustments	-	-	-	-	5,840	1,317
Revenue for the period	250	164	527	626	147,608	138,327
Surplus/ (deficit) from the previous year	-	-	716	314	1,883	741
Total revenue including accrued revenue	250	164	1,243	940	149,491	139,068
Less: expenses including accrued expenses	250	164	680	224	147,661	137,185
Surplus/ (deficit) for reporting period	-	-	563	716	1,830	1,883

Note 47 Acquittal of Australian Government financial assistance (continued)

47.b Higher Education Loan Programs (excl OS-HELP)

		<i>University ONLY</i>					
		HECS-HELP (Australian Government payments only) ^[1]		FEE-HELP ^[2]		SA-HELP ^[3]	
<i>Note</i>		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Cash Payable / (Receivable) at beginning of year	1,930	2,718	66	-	(19)	(49)
	Financial assistance received in CASH during the reporting period	83,740	79,909	7,444	6,950	1,963	1,917
	Cash available for period	85,670	82,627	7,510	6,950	1,944	1,868
	Revenue earned	83,987	80,697	7,436	6,884	1,926	1,887
	Cash Payable / (Receivable) at end of year	1,683	1,930	74	66	18	(19)

[1] HECS-HELP - \$282k to be returned to the Department

[2] Program is in respect of FEE-HELP for Higher Education only. This includes \$71k to be returned to the Department

[3] SA-HELP - \$18k to be returned to the Department

		<i>University ONLY</i>	
		Total	
<i>Note</i>		2015 \$'000	2014 \$'000
	Cash Payable / (Receivable) at beginning of year	1,977	2,669
	Financial assistance received in CASH during the reporting period	93,147	88,776
	Cash available for period	95,124	91,445
	Revenue earned	93,349	89,468
	Cash Payable / (Receivable) at end of year	1,775	1,977

Note 47 Acquittal of Australian Government financial assistance (continued)

47.c Scholarships

		University ONLY					
		Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships ^[1]	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	4,554	4,535	337	335	96	(9)
	Net accrual adjustments	-	-	-	-	(71)	269
3(c)	Revenue for the period	4,554	4,535	337	335	25	260
	Surplus/ (deficit) from the previous year	973	824	-	-	58	483
	Total revenue including accrued revenue	5,527	5,359	337	335	83	743
	Less expenses including accrued expenses	4,539	4,386	337	335	36	685
	Surplus/ (deficit) for reporting period	988	973	-	-	47	58

		University ONLY					
		Commonwealth Accommodation Scholarships ^[1]		Indigenous Access Scholarships		Indigenous Staff Scholarships	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	97	(25)	39	5	-	-
	Net accrual adjustments	(56)	(80)	-	29	-	(14)
3(c)	Revenue for the period	41	(105)	39	34	-	(14)
	Surplus/ (deficit) from the previous year	38	658	-	(1)	-	-
	Total revenue including accrued revenue	79	553	39	33	-	(14)
	Less expenses including accrued expenses	49	515	39	33	-	(14)
	Surplus/ (deficit) for reporting period	30	38	-	-	-	-

		University ONLY	
		Total	
Note		2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	5,123	4,841
	Net accrual adjustments	(127)	204
3(c)	Revenue for the period	4,996	5,045
	Surplus/ (deficit) from the previous year	1,069	1,964
	Total revenue including accrued revenue	6,065	7,009
	Less expenses including accrued expenses	5,000	5,940
	Surplus/ (deficit) for reporting period	1,065	1,069

[1] Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively. Commonwealth Accommodation Scholarships includes \$56k and Commonwealth Education Cost Scholarships includes \$71k to be returned to the Department.

Note 47 Acquittal of Australian Government financial assistance (continued)

47.d Education Research

		University ONLY					
		Joint Research Engagement		Joint Research Engagement Cadetships		Research Training Scheme	
Note		2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	6,715	6,240	-	76	10,977	11,097
	Net accrual adjustments	-	-	-	(76)	-	-
	Revenue for the period	6,715	6,240	-	-	10,977	11,097
	Surplus/ (deficit) from the previous year	-	-	-	74	-	-
	Total revenue including accrued revenue	6,715	6,240	-	74	10,977	11,097
	Less expenses including accrued expenses	6,715	6,240	-	74	10,977	11,097
	Surplus/ (deficit) for reporting period	-	-	-	-	-	-

		<i>University ONLY</i>			
		Research Infrastructure Block Grants		Sustainable Research Excellence in Universities	
Note		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	3,003	3,123	2,140	2,039
	Net accrual adjustments	-	-	-	-
3(d)	Revenue for the period	3,003	3,123	2,140	2,039
	Surplus/ (deficit) from the previous year	-	-	-	-
	Total revenue including accrued revenue	3,003	3,123	2,140	2,039
	Less expenses including accrued expenses	3,003	3,123	2,140	2,039
	Surplus/ (deficit) for reporting period	-	-	-	-

		<i>University ONLY</i>			
		Commercialisation Training Scheme		Total	
Note		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	-	(13)	22,835	22,562
	Net accrual adjustments	-	13	-	(63)
3(d)	Revenue for the period	-	-	22,835	22,499
	Surplus/ (deficit) from the previous year	-	-	-	74
	Total revenue including accrued revenue	-	-	22,835	22,573
	Less expenses including accrued expenses	-	-	22,835	22,573
	Surplus/ (deficit) for reporting period	-	-	-	-

Note 47 Acquittal of Australian Government financial assistance (continued)

47.e Australian Research Council Grants

(i) Discovery

		University ONLY					
		Projects		Fellowships		Total Discovery	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	2,868	2,213	3,068	3,797	5,936	6,010
	Net accrual adjustments	122	80	-	-	122	80
3(e)(i)	Revenue for the period	2,990	2,293	3,068	3,797	6,058	6,090
	Surplus/ (deficit) from the previous year	1,190	1,799	2,479	1,128	3,669	2,927
	Total revenue including accrued revenue	4,180	4,092	5,547	4,925	9,727	9,017
	Less expenses including accrued expenses	2,432	2,902	2,915	2,446	5,347	5,348
	Surplus/ (deficit) for reporting period	1,748	1,190	2,632	2,479	4,380	3,669

(ii) Linkages

		University ONLY					
		Infrastructure		Projects		Total Linkages	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	860	325	1,262	966	2,122	1,291
	Net accrual adjustments	(77)	(200)	(72)	(76)	(149)	(276)
3(e)(ii)	Revenue for the period	783	125	1,190	890	1,973	1,015
	Surplus/ (deficit) from the previous year	138	708	770	1,437	908	2,145
	Total revenue including accrued revenue	921	833	1,960	2,327	2,881	3,160
	Less expenses including accrued expenses	624	695	1,020	1,557	1,644	2,252
	Surplus/ (deficit) for reporting period	297	138	940	770	1,237	908

(iii) Networks and Centres and Special Research Initiatives

		University ONLY					
		Centres		Special Research Initiatives		Total	
Note		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	-	-	-	627	-	627
	Net accrual adjustments	207	175	130	(371)	337	(196)
3(e)(iii)	Revenue for the period	207	175	130	256	337	431
	Surplus/ (deficit) from the previous year	151	50	548	2,271	699	2,321
	Total revenue including accrued revenue	358	225	678	2,527	1,036	2,752
	Less expenses including accrued expenses	95	74	309	1,979	404	2,053
	Surplus/ (deficit) for reporting period	263	151	369	548	632	699

Note 47 Acquittal of Australian Government financial assistance (continued)

47.f OS-HELP ⁽¹⁾

University ONLY		
Note	2015	2014
	\$'000	\$'000
Cash received during the reporting period	2,533	1,058
Cash Spent during the reporting period	1,698	1,355
Net cash received	835	(297)
Cash Surplus / (deficit) from the previous period	(189)	108
Cash Surplus / (deficit) for reporting period	646	(189)

⁽¹⁾ OS-HELP is not included in income. The University effectively acts as a transfer agency with regard to the OS-HELP monies received from the Australian Government.

University ONLY		
Note	2015	2014
	\$'000	\$'000
47.g Higher Education Superannuation Program		
Cash received during the reporting period	2,848	2,436
University contribution in respect of current employees	174	181
Cash available	3,022	2,617
Cash Surplus / (deficit) from the previous period	(475)	(305)
Cash available for current period	2,547	2,312
Contributions to specified defined benefit funds	3,037	2,787
Cash Surplus / (deficit) this period	(490)	(475)

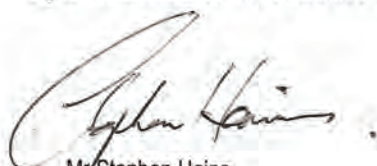
University ONLY		
Note	2015	2014
	\$'000	\$'000
47.h Student Services and Amenities Fee		
Unspent / (overspent) revenue from previous period	3,318	2,883
SA-HELP Revenue Earned	1,926	1,887
Student Services and Amenities Fees direct from Students	2,148	1,751
Total revenue expendable in period	7,392	6,521
Student Services expenses during period	3,746	3,203
Unspent / (overspent) Student Services revenue	3,646	3,318

**FLINDERS UNIVERSITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

To the best of our knowledge and belief –

- the attached General Purpose Financial Report for Flinders University presents a true and fair view, in accordance with the Treasurer's Instructions issued under Section 41 of the Public Finance and Audit Act 1987, applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and to conform to the Department of Education and Training Financial Statement Guidelines for Australian Higher Education Providers for the 2015 Reporting Period, the financial position of Flinders University as at 31 December 2015, the results of its operations and its cash flows for the financial year;
- the attached financial statements are in accordance with the accounts and records of the University;
- internal controls over financial reporting and the general purpose financial report have been effective throughout the reporting period;
- at the time of signing of this statement, there are reasonable grounds to believe that the University will be able to pay its debts as and when they become due and payable;
- the amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended; and
- Flinders University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
- Flinders University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

Signed in accordance with a resolution of the Council



Mr Stephen Hains
Deputy Chancellor

12 May 2016



Professor Colin Stirling
Vice-Chancellor

12 May 2016



Mr Richard Porter
Chief Financial Officer

12 May 2016

ABN 65 542 596 200

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chancellor The Flinders University of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27 (2) of the *Flinders University of South Australia Act 1966*, I have audited the accompanying financial report of the Flinders University of South Australia and the consolidated report entity comprising the Flinders University of South Australia and its controlled entities for the financial year ended 31 December 2015. The financial report comprises:

- Income Statement for the year ended 31 December 2015
- a Statement of Comprehensive Income for the year ended 31 December 2015
- a Statement of Financial Position as at 31 December 2015
- a Statement of Changes in Equity for the year ended 31 December 2015
- a Statement of Cash Flows for the year ended 31 December 2015
- notes, comprising a summary of significant accounting policies and other explanatory information.

The financial report comprises the Flinders University of South Australia and the entities it controlled at the year's end or from time to time during the financial year.

The Council's Responsibility for the Financial Report

The members of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Act 2003* and Australian Accounting Standards, and for such internal control as the Members of the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Members of the Council, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Flinders University of South Australia and its controlled entities (the consolidated entity) as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Act 2003* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

25 May 2016

Department for
Health and Ageing

Financial report
for the year ended
30 June 2016

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Expenses					
Employee benefit expenses	5	3,665,163	3,438,860	195,528	211,522
Supplies and services	6	1,700,094	1,613,188	492,193	444,186
Depreciation and amortisation expense	7	188,791	177,935	19,068	15,748
Grants and subsidies	8	56,299	55,314	4,213,224	4,010,271
Borrowing costs	9	3,377	3,961	1,325	1,551
Net loss from disposal of non-current and other assets	16	3,669	-	176	-
Other expenses	10	159,815	94,787	29,268	28,431
Total expenses		5,777,208	5,384,045	4,950,782	4,711,709
Income					
Revenue from fees and charges	12	573,697	561,759	318,842	312,621
Grants and contributions	13	1,656,145	1,502,073	1,323,969	1,216,412
Interest revenue	14	8,838	10,694	5,061	5,564
Resources received free of charge	15	23,825	10,589	60,222	31,856
Net gain from disposal of non-current and other assets	16	-	1,225	-	8,099
Other revenue	17	61,281	60,169	3,196	5,537
Other income	18	-	5,810	-	-
Total income		2,323,786	2,152,319	1,711,290	1,580,089
Net cost of providing services		3,453,422	3,231,726	3,239,492	3,131,620
Revenues from SA Government					
Revenue from SA Government	19	3,120,528	3,191,323	3,120,528	3,191,323
Payments to SA Government	19	43,636	26,977	43,636	26,977
Total revenues from/payments to SA Government		3,076,892	3,164,346	3,076,892	3,164,346
Net result		(376,530)	(67,380)	(162,600)	32,726
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		(17,960)	(13,112)	-	3,331
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains/(losses) recognised directly in equity		(29,593)	(3,901)	-	-
Total other comprehensive income		(47,553)	(17,013)	-	3,331
Total comprehensive result		(424,083)	(84,393)	(162,600)	36,057

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Current assets					
Cash and cash equivalents	21	429,591	495,671	182,274	213,025
Receivables	22	310,522	259,276	167,440	126,039
Inventories	23	53,748	43,983	22,675	16,840
Other financial assets	24	89,524	70,221	-	-
Other assets	25	4	46	-	-
		883,389	869,197	372,389	355,904
Non-current assets classified as held for sale	26	32,582	2,902	32,582	2,902
Total current assets		915,971	872,099	404,971	358,806
Non-current assets					
Receivables	22	5,067	5,498	12,449	16,264
Other financial assets	24	6,422	6,855	-	-
Property, plant and equipment	27	2,919,303	2,984,896	53,853	52,926
Investment property	28	18,679	18,190	-	-
Intangible assets	29	111,705	105,979	78,149	81,021
Total non-current assets		3,061,176	3,121,418	144,451	150,211
Total assets		3,977,147	3,993,517	549,422	509,017
Current liabilities					
Payables	31	357,283	332,160	151,931	153,680
Borrowings	32	6,353	5,668	3,033	2,569
Employee benefits	33	515,493	486,213	24,360	23,881
Provisions	34	54,265	47,899	16,989	16,961
Other liabilities	35	68,681	53,680	454	531
Total current liabilities		1,002,075	925,620	196,767	197,622
Non-current liabilities					
Payables	31	31,469	26,798	16,782	19,302
Borrowings	32	37,355	43,707	10,460	13,493
Employee benefits	33	633,789	498,255	33,867	30,978
Provisions	34	167,731	148,521	108,018	85,585
Other liabilities	35	4,927	4,980	1,750	1,941
Total non-current liabilities		875,271	722,261	170,877	151,299
Total liabilities		1,877,346	1,647,881	367,644	348,921
Net assets		2,099,801	2,345,636	181,778	160,096
Equity					
Contributed capital	36	1,643,898	1,465,650	1,643,898	1,465,650
Asset revaluation surplus	36	278,246	311,250	35,401	35,549
Other reserves	36	8,705	38,298	-	-
Retained earnings	36	168,952	530,438	(1,497,521)	(1,341,103)
Total equity		2,099,801	2,345,636	181,778	160,096
The total equity is attributable to the SA Government as owner					
Unexpended funding commitments	20				
Unrecognised contractual commitments	38				
Contingent assets and liabilities	40				

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

CONSOLIDATED

	Note	Contributed capital \$ '000	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014		1,465,955	328,863	42,310	593,314	2,430,442
Prior Period Adjustment	2.41	(6,298)	(3,911)		3,746	(6,463)
Restated Balance at 30 June 2014		1,459,657	324,952	42,310	597,060	2,423,979
Net result for 2014-15		-	-	-	(67,380)	(67,380)
Gain/(loss) on revaluation of property during 2014-15	27	-	(16,833)	-	-	(16,833)
Gain/(loss) on revaluation of plant and equipment during 2014-15	27	-	3,721	-	-	3,721
Gain/(loss) on revaluation of other financial assets		-	-	(172)	-	(172)
Gain/(loss) on revaluation of defined benefit fund liability		-	-	(3,729)	-	(3,729)
Derecognition of assets		-	529	-	(529)	-
Total comprehensive result for 2014-15		-	(12,583)	(3,901)	(67,909)	(84,393)
Transfer between equity components		-	(1,119)	(111)	1,230	-
Transactions with SA Government as owner						
Equity contributions from the Department of Treasury and Finance		5,993	-	-	-	5,993
Net assets transferred as a result of an administrative restructure	39	-	-	-	57	57
Balance at 30 June 2015	36	1,465,650	311,250	38,298	530,438	2,345,636
Net result for 2015-16		-	-	-	(376,530)	(376,530)
Gain/(loss) on revaluation of property during 2015-16	27	-	(17,925)	-	-	(17,925)
Gain/(loss) on revaluation of plant and equipment during 2015-16	27	-	(35)	-	-	(35)
Gain/(loss) on revaluation of assets held for sale		-	-	(899)	-	(899)
Gain/(loss) on revaluation of other financial assets		-	-	(5)	-	(5)
Loss on revaluation of Defined Benefit Fund Liability		-	-	(28,689)	-	(28,689)
Derecognition of assets		-	-	-	-	-
Total comprehensive result for 2015-16		-	(17,960)	(29,593)	(376,530)	(424,083)
Transfer between equity components		-	(15,044)	-	15,044	-
Transactions with SA Government as owner						
Equity contributions from the Department of Treasury and Finance		178,248	-	-	-	178,248
Balance at 30 June 2016	36	1,643,898	278,246	8,705	168,952	2,099,801

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

PARENT

		Contributed	Asset	Other	Retained	Total
	Note	capital	revaluation	reserves	earnings	equity
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 30 June 2014		1,459,657	32,098	-	(1,383,040)	108,715
Net result for 2014-15		-	-	-	32,726	32,726
Gain/(loss) on revaluation of property during 2014-15	27	-	3,331	-	-	3,331
Total comprehensive result for 2014-15 restated		-	3,331	-	32,726	36,057
Transfer between equity components		-	120	-	(120)	-
Transactions with SA Government as owner						
Equity contributions from the Department of Treasury and Finance		5,993	-	-	-	5,993
Net assets received from an administrative restructure	39	-	-	-	4,284	4,284
Net assets transferred as a result of an administrative restructure	39	-	-	-	5,047	5,047
Balance at 30 June 2015	36	1,465,650	35,549	-	(1,341,103)	160,096
Net result for 2015-16		-	-	-	(162,600)	(162,600)
Total comprehensive result for 2015-16		-	-	-	(162,600)	(162,600)
Transfer between equity components		-	(148)	-	148	-
Transactions with SA Government as owner						
Equity contributions from the Department of Treasury and Finance		178,248	-	-	-	178,248
Net assets received from an administrative restructure	39	-	-	-	(716)	(716)
Net assets transferred as a result of an administrative restructure	39	-	-	-	6,750	6,750
Balance at 30 June 2016	36	1,643,898	35,401	-	(1,497,521)	181,778

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Employee benefit payments		(3,498,639)	(3,374,153)	(186,870)	(210,324)
Payments for supplies and services		(1,835,395)	(1,819,762)	(539,600)	(520,449)
Payments for grants and subsidies		(75,524)	(69,726)	(4,215,725)	(4,020,549)
Interest paid		(3,377)	(3,961)	(1,325)	(1,551)
Residential aged care bonds refunded		(10,227)	(6,373)	-	-
Payments for paid parental leave scheme		(11,730)	(10,709)	(382)	(416)
Other payments		(97,032)	(79,442)	(5,478)	(6,312)
Cash used in operations		(5,531,924)	(5,364,126)	(4,949,380)	(4,759,601)
Cash inflows					
Fees and charges		537,077	579,393	288,461	342,343
Grants and contributions		1,659,029	1,504,405	1,323,969	1,220,065
Interest received		7,037	9,334	4,761	5,565
Residential aged care bonds received		27,225	15,153	-	-
GST recovered		161,378	194,556	48,581	48,485
Receipts for paid parental leave scheme		11,538	10,874	383	407
Other receipts		63,214	60,616	3,339	2,239
Cash generated from operations		2,466,498	2,374,331	1,669,494	1,619,104
Cash flows from SA Government					
Receipts from SA Government		3,120,528	3,191,323	3,120,528	3,191,323
Payments to SA Government		(43,636)	(26,977)	(43,636)	(26,977)
Total cash flows from SA Government		3,076,892	3,164,346	3,076,892	3,164,346
Net cash provided by operating activities		11,466	174,551	(202,994)	23,849
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(211,256)	(109,854)	(666)	(2,986)
Purchase of intangibles		(24,215)	(36,918)	(12,094)	(25,546)
Purchase of investments		(31,147)	(8,943)	-	-
Cash used in investing activities		(266,618)	(155,715)	(12,760)	(28,532)
Cash inflows					
Proceeds from sale of property, plant and equipment		7,310	35,024	6,642	34,339
Proceeds from sale/maturities of investments		9,181	4,332	-	-
Proceeds from other investing activities		-	1,604	-	-
Cash generated from investing activities		16,491	40,960	6,642	34,339
Net cash provided by/(used in) investing activities		(250,127)	(114,755)	(6,118)	5,807

THE DEPARTMENT FOR HEALTH AND AGEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(3,099)	(2,709)	-	-
Repayment of borrowings		(2,568)	(1,632)	(2,569)	(1,632)
Cash used in financing activities		(5,667)	(4,341)	(2,569)	(1,632)
Cash inflows					
Capital contributions from Government		178,248	5,993	178,248	5,993
Proceeds from receipt of loan repayments		-	-	2,682	2,928
Cash generated from financing activities		178,248	5,993	180,930	8,921
Net cash provided by/(used in) financing activities		172,581	1,652	178,361	7,289
Net increase/(decrease) in cash and cash equivalents		(66,080)	61,448	(30,751)	36,945
Cash and cash equivalents at the beginning of the period		495,671	434,223	213,025	176,080
Cash and cash equivalents at the end of the period	41	429,591	495,671	182,274	213,025
Non-cash transactions	41	(246,204)	(166,235)	21,617	16,308

The above statement should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND AGEING
DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME
For the year ended 30 June 2016

<i>Activities - refer Note 4</i>	Activity A		Activity B		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefit expenses	195,448	211,519	3,469,715	3,227,341	3,665,163	3,438,860
Supplies and services	483,410	464,121	1,216,684	1,149,067	1,700,094	1,613,188
Depreciation and amortisation expense	19,068	15,748	169,723	162,187	188,791	177,935
Grants and subsidies	24,698	24,615	31,601	30,699	56,299	55,314
Borrowing costs	1,325	1,551	2,052	2,410	3,377	3,961
Net loss from disposal of non-current and other assets	176	-	3,493	-	3,669	-
Other expenses	29,268	28,397	130,547	66,390	159,815	94,787
Total expenses	753,393	745,951	5,023,815	4,638,094	5,777,208	5,384,045
Income						
Revenue from fees and charges	77,057	75,270	496,640	486,489	573,697	561,759
Grants and contributions	1,323,969	1,216,412	332,176	285,661	1,656,145	1,502,073
Interest revenue	3,635	3,873	5,203	6,821	8,838	10,694
Resources received free of charge	17,945	8,752	5,880	1,837	23,825	10,589
Net gain/(loss) from disposal of non-current and other assets	-	8,099	-	(6,874)	-	1,225
Other revenue	2,303	1,974	58,978	58,195	61,281	60,169
Other income	-	-	-	5,810	-	5,810
Total income	1,424,909	1,314,380	898,877	837,939	2,323,786	2,152,319
Net cost of providing services	(671,516)	(568,429)	4,124,938	3,800,155	3,453,422	3,231,726
Revenues from SA Government						
Revenue from SA Government	3,120,528	3,191,323	-	-	3,120,528	3,191,323
Payments to SA Government	43,636	26,977	-	-	43,636	26,977
Total revenues from / Payments to SA Government	3,076,892	3,164,346	-	-	3,076,892	3,164,346
Net result	3,748,408	3,732,775	(4,124,938)	(3,800,155)	(376,530)	(67,380)

THE DEPARTMENT FOR HEALTH AND AGEING
DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
As at 30 June 2016

<i>Activities - refer Note 4</i>	Activity A		Activity B		Total	
	2016	2015	2016	2015	2016	2015
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Current assets						
Cash and cash equivalents	182,274	213,025	247,317	282,646	429,591	495,671
Receivables	163,329	123,111	147,193	136,165	310,522	259,276
Inventories	22,675	16,840	31,073	27,143	53,748	43,983
Other financial assets	-	-	89,524	70,221	89,524	70,221
Other assets	-	-	4	46	4	46
	368,278	352,976	515,111	516,221	883,389	869,197
Non-current assets classified as held for sale	32,582	2,902	-	-	32,582	2,902
Total current assets	400,860	355,878	515,111	516,221	915,971	872,099
Non-current assets						
Receivables	12	16	5,055	5,482	5,067	5,498
Other financial assets	-	-	6,422	6,855	6,422	6,855
Property, plant and equipment	53,853	52,926	2,865,450	2,931,970	2,919,303	2,984,896
Investment property	-	-	18,679	18,190	18,679	18,190
Intangible assets	78,149	81,021	33,556	24,958	111,705	105,979
Total non-current assets	132,014	133,963	2,929,162	2,987,455	3,061,176	3,121,418
Total assets	532,874	489,841	3,444,273	3,503,676	3,977,147	3,993,517
Current liabilities						
Payables	132,811	143,227	224,472	188,933	357,283	332,160
Borrowings	3,033	2,569	3,320	3,099	6,353	5,668
Employee benefits	24,360	23,881	491,133	462,332	515,493	486,213
Provisions	16,989	16,961	37,276	30,938	54,265	47,899
Other liabilities	454	531	68,227	53,149	68,681	53,680
Total current liabilities	177,647	187,169	824,428	738,451	1,002,075	925,620
Non-current liabilities						
Payables	2,551	2,530	28,918	24,268	31,469	26,798
Borrowings	10,460	13,493	26,895	30,214	37,355	43,707
Employee benefits	33,867	30,978	599,922	467,277	633,789	498,255
Provisions	108,018	85,585	59,713	62,936	167,731	148,521
Other liabilities	1,750	1,941	3,177	3,039	4,927	4,980
Total non-current liabilities	156,646	134,527	718,625	587,734	875,271	722,261
Total liabilities	334,293	321,696	1,543,053	1,326,185	1,877,346	1,647,881

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1 Objectives of the Department for Health and Ageing

The Consolidated Entity is comprised of the Department for Health and Ageing (the Department), Central Adelaide Local Health Network, Country Health SA Local Health Network, Northern Adelaide Local Health Network, Southern Adelaide Local Health Network, Women's and Children's Health Network and the SA Ambulance Service Inc (collectively, the Consolidated Entity) as detailed in Note 2.3.

The Consolidated Entity operates within the:

- *Health Care Act 2008* (the Act); and
- *Public Sector Act 2009*.

The Consolidated Entity is responsible for the provision of:

- health policy and promotion, clinical services and administration associated with the provision of health services across country and metropolitan South Australia;
- hospital-based tertiary care and other acute services as well as rehabilitation, mental health and other community health services across country and metropolitan South Australia;
- grants to non-government organisations for the delivery of health services;
- emergency ambulance services in South Australia, including pre-hospital care and patient transport; and
- Aboriginal controlled primary health services in Ceduna, Port Augusta and surrounding areas.

1.1 Administrative restructures

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Network's (LHNs) and the SA Ambulance Service Inc. (SAAS).
- Following a review of SA Pathology to improve service and business performance, effective 1 July 2015, the Chief Executive of the Department approved the transfer of the Information and Communication Technology function from the Central Adelaide Local Health Network (SA Pathology) to the eHealth Systems division of the Department.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) were transferred to the SA Distribution Centre division of the Department.
- Following a review of Departmental functions, effective 10 August 2015 and 30 November 2015, the Chief Executive of the Department approved the transfer of Children's Aboriginal health employees from the Department to the Women's and Children's Health Network.
- Following a review of Departmental functions, effective 30 November 2015, the Chief Executive of the Department approved the transfer of Cervix Screening employees from the Department to the Women's and Children's Health Network.

2014-15

- As a result of the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* approved by the Premier in the Government Gazette dated 26 June 2014 the business unit known as Health Industries South Australia was transferred from the Department to the Department of State Development.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Inventory was transferred to the SA Distribution Centre division of the Department in a staged approach impacting Health Networks as outlined below:
 - Effective 4 August 2014 inventory associated with the Country Health SA Local Health Network (Riverland Health Services and South Coast District Hospital), Southern Adelaide Local Health Network (Flinders Medical Centre) and Northern Adelaide Local Health Network (Lyell McEwin Hospital) were transferred;
 - Effective 3 November 2014 inventory associated with the Central Adelaide Local Health Network (Hampstead Rehabilitation Centre, Royal Adelaide Hospital and The Queen Elizabeth Hospital) were transferred;
 - Effective 16 February 2015 inventory associated with the Country Health SA Local Health Network (Port Lincoln Hospital), Southern Adelaide Local Health Network (Noarlunga Health Services and Repatriation General Hospital) and Women's and Children's Health Network (all sites) were transferred; and

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

- Effective 25 May 2015 inventory associated with the Central Adelaide Local Health Network (SA Pathology) and Country Health SA Local Health Network (Port Augusta Hospital, Port Pirie Regional Health Service and Whyalla Hospital) were transferred.
- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Details of the assets, rights and liabilities that were transferred are provided in Note 39.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

The Consolidated Entity has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Consolidated Entity is a not-for-profit entity.

Except for AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* which the Consolidated Entity has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the period ending 30 June 2016. Refer to Note 3.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package (TVSP) information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The Consolidated Entity's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy,

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.3 Reporting entity

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the Consolidated Entity, in accordance with AASB 10 *Consolidated Financial Statements*.

The Consolidated Entity is comprised of:

- the parent entity being the Department for Health and Ageing (the Department);
- Central Adelaide Local Health Network Incorporated (includes the assets, liabilities, revenues and expenses of Medvet Science Pty Ltd (Medvet). Refer to Note 42 for further information about interests in other entities;
- Country Health SA Local Health Network Incorporated (includes the assets, liabilities, revenues and expenses of the Health Advisory Councils (HACs). Refer to Note 42 for further information about interests in other entities;
- Northern Adelaide Local Health Network Incorporated;
- Southern Adelaide Local Health Network Incorporated (includes a 50% beneficial entitlement to the net assets of Flinders Reproductive Medicine Pty Ltd). Refer to Note 42 for further information about interests in other entities;
- Women's and Children's Health Network Incorporated; and
- The SA Ambulance Service Inc (includes the operations of the SA Ambulance Development Fund).

In forming the view that entities are controlled, the Department considered its involvement with the relevant entities and determined that its substantive rights give the Department the current ability to direct the major relevant activities of the entities and the Department is exposed or has rights to variable returns from its involvement as the entities contribute to the furtherance of the Department's objectives.

Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the Consolidated Entity have been eliminated in full.

The Department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The Department is an administrative unit acting on behalf of the Crown.

Central Adelaide Local Health Network, Country Health SA Local Health Network, Northern Adelaide Local Health Network, Southern Adelaide Local Health Network, Women's and Children's Health Network (collectively, the LHNs) and the SA Ambulance Service Inc (SAAS) are governed under the Act.

2.4 Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

2.5 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.6 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.7 Taxation

The Consolidated Entity is not subject to income tax. The Consolidated Entity is liable for fringe benefits tax (FBT) and goods and services tax (GST). The Department is additionally liable for payroll tax and emergency services levy.

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

The entities that comprise the Consolidated Entity are grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated LHNs and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.8 Expenses

Expenses are recognised in the Consolidated Entity's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from the Consolidated Entity will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

The Consolidated Entity provided various anti-viral and highly specialised drugs to health providers to distribute free of charge to the South Australian community.

Contributions paid

Contributions payable will be recognised as a liability and an expense when the Consolidated Entity has a present obligation to pay the contribution and the expense recognition criteria are met.

Grants paid

Grants that are paid to other entities by the Consolidated Entity for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies or non-government organisations. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Payments to SA Government

Payments to the SA Government includes other payments paid directly to the Consolidated Account.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Employee benefit expenses

Employee benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Consolidated Entity to the superannuation plan in respect of current services of the Consolidated Entity's current employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements except for SAAS staff who are members of the SAAS defined benefit scheme (refer to note 2.32).

2.9 Funding for the Consolidated Entity

Funding for the Consolidated Entity comes from three main sources:

- appropriation funding from State and Commonwealth Government sources. These funds are applied to both controlled and administered activities;
- fees and charges including patient/client fees and ambulance transport; and
- grants and contributions.

2.10 Income

Income is recognised in the Consolidated Entity's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to the Consolidated Entity will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Contributions received

Contributions are recognised as an asset and income when the Consolidated Entity obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Grants received

Grants that are received from other entities by the Consolidated Entity for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, Commonwealth Government or non-government organisations. The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Other revenue

Other revenue consists of commissions revenue, dividend revenue, royalty income, training revenue, donations received, rent revenue, car park revenue, Emergency Services Levy funding and other sources.

Other income

Other income consists of gain on revaluations reversing previous revaluation decrements recognised in the Statement of Comprehensive Income.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.11 Revenue from SA Government

The Department is the public authority of the Consolidated Entity and as such receives all appropriation from DTF. The Department provides recurrent and capital funding under a service level agreement (SLA) to the LHNs and SAAS for the provision of services.

Appropriations from program funding are recognised as revenue when the Department obtains control over the assets. Control over the appropriations is normally obtained upon receipt and are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

Where money has been appropriated in the form of a loan, the Department has recorded a loan receivable.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the contribution is recorded as contributed equity.

2.12 Foreign currency transactions

Transactions in foreign currency are translated into the Consolidated Entity's functional currency (Australian dollars) at the exchange rates at the dates the transactions occur.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

Foreign currency differences are recognised in the Statement of Comprehensive Income.

2.13 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Consolidated Entity has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Consolidated Entity has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.14 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.15 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

The Government has a policy to align agency cash balances with the appropriation and expenditure authority.

2.16 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Consolidated Entity's trading terms for receivables are generally 30 days.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Consolidated Entity will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.17 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Drug supplies;
- Medical, surgical and laboratory supplies;
- Food and hotel supplies;
- Engineering supplies;
- SA Health distribution centre supplies;
- Inventory imprest stock; and
- Other supplies.

2.18 Other financial assets

The Consolidated Entity measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility is the only joint arrangement in which the Consolidated Entity participates.

According to the terms of the joint venture, profit earned during the financial year is to be distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. However, it has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business. Therefore the Consolidated Entity recognises their ownership interest of the distribution as a financial asset.

2.19 Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

2.20 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 Consolidated Entity capitalises all non-current tangible property, plant and equipment and intangible assets that it controls 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.

Assets held for sale are separately disclosed and measured at cost.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.21 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*:

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- the Consolidated Entity revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer;
- triennial revaluation of other non-current assets by a Certified Practicing Valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.22 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

The impending sale of the Repatriation General Hospital (RGH), excluding a small portion to the Returned Services League has given rise to an impairment event. On 4 July 2016 Cabinet approved the sale of a portion of the Glenside site, which had been identified as surplus to requirements, to Cedar Woods for \$25.768 million which is expected to be finalised by the end of this calendar year. In accordance with *AASB 136 Impairment of Assets* the Consolidated Entity has impaired the value of the land, buildings and site improvements with the net book value of these assets being transferred to the Department for anticipated sale.

2.23 Valuation of existing Royal Adelaide Hospital land, buildings and property, plant and equipment (the RAH assets)

Due to the upcoming completion of the new Royal Adelaide Hospital, some degree of uncertainty exists regarding the future use of some of the buildings and site improvements assets located at the existing RAH site. As these buildings and site improvements are of a specialised nature, it is difficult to reliably measure the asset value.

Due to this inherent estimation uncertainty, management have decided to value the buildings and site improvements at nil value for the RAH site as at 30 June 2015 and the Frome Road Dental Hospital as at 30 June 2016. It is acknowledged that the ultimate market value and application of these RAH site assets will be determined following the current expression of interest process and decision of Cabinet, however due to the uncertainty at this time this conservative valuation approach has been adopted.

The associated land has been valued using the market approach, which considers 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.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.24 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by the Consolidated Entity are reassessed 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Land and non current assets held for sale are not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	1 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 25
• Computing equipment	3 - 7
• Vehicles	2 - 25
• Other plant and equipment	3 - 50
Intangibles	5 - 10

2.25 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The Consolidated Entity 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 (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured), 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.

2.26 Investment properties

Investment properties represent properties held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits are in excess of the originally assessed performance of the asset, will flow to the Consolidated Entity.

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.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other revenue, on a straight line basis over the lease term.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.27 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Consolidated Entity 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 valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

In determining fair value, the Consolidated Entity has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

The Consolidated Entity's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Consolidated Entity 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 27, 28 and 30 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

Investments in listed entities are recognised at fair value based on quoted market prices for identical assets at reporting date. The Consolidated Entity does not recognise any other financial assets or financial liabilities at fair value.

2.28 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.29 Payables

Payables include creditors, accrued expenses, GST payable, employee on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Consolidated Entity.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs for the Consolidated Entity include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave (LSL), annual leave and skills and experience retention leave (SERL). Employee benefit on-costs for the Department also include payroll tax and Return to Work SA levies.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The Consolidated Entity 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.

2.30 Accommodation Bonds

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

2.31 Borrowings/Financial Liabilities

The Consolidated Entity measures financial liabilities including borrowings/debt at historical cost.

2.32 Employee benefits

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

Salaries, wages, annual leave, SERL 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 SERL 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

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.

Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of between 2.50 percent and 4.00 percent; and
- Discounting of between 1.73 to 2.05 percent per annum based on the gross 5 to 8 year Commonwealth bond rates prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Superannuation funds

A majority of SAAS's employees are members of the SA Ambulance Service Superannuation Scheme (the "Scheme"). These employees are eligible to receive a benefit from the Scheme. A benefit is payable on retirement, death, disablement or leaving SAAS, in accordance with the Scheme's trust deed and rules. The Scheme provides lump sum benefits based on a combination of defined benefits which depend on years of service and final salary and accumulation benefits which depend on the accumulation of member and employer contributions adjusted for appropriate earnings and expenses. The liability for this Scheme has been determined via an actuarial valuation by Mercer Investment Nominees Limited using the projected unit credit method. The South Australian Superannuation Board was appointed Trustee of the Scheme effective 1 July 2006. The Scheme was closed to new members as at 30 June 2008. From 1 July 2008 new employees join an accumulative Triple S Scheme.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119. The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows. Refer to Note 33.

Actuarial gains and losses are recognised in other comprehensive income in the Statement of Comprehensive Income, in the period in which they occur. The superannuation expense comprising interest cost and other costs of the defined benefit plan is measured in accordance with AASB 119 and is recognised as and when contributions fall due.

For a small proportion of the workforce, SAAS pays its contributions in accordance with the relevant award or contracts of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

For those employees who are not members of the Scheme, the Consolidated Entity pays contributions in accordance with the relevant award or contract of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

2.33 Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Insurance

The Department is responsible for the management of the Consolidated Entity's insurance program. The Department is a participant in the State Government's insurance program. The Department pays a premium to SA Government Financing Authority (SAFA), SAICORP Division for professional indemnity insurance (including medical malpractice), public liability and property insurance, and is responsible for the management claim for amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible. For professional indemnity (including medical malpractice) claims after 1 July 1994 and general public liability and property claims after 1 July 1999 the deductible per claim is \$1 million. For claims incurred prior to these dates the deductible per claim is \$50,000.

Professional indemnity and general public liability claims arising from the LHNs' and SAAS's operations are managed as part of the State Government Insurance Program. The LHNs and SAAS pay an annual premium to the Department. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The determination of the medical malpractice professional indemnity insurance provision was carried out through an actuarial assessment in accordance with AASB 1023 *General Insurance Contracts*, conducted by Brett & Watson Pty Ltd. Current and non-current liabilities of the Department are determined by taking into account prudential margins, inflation, taxes, claims incurred but not reported and current claim values.

The provision for claims for general public liability insurance and property is a management assessment.

Workers Compensation

The Department is a self-insured employer within the *Return to Work Act 2014*, and has delegated powers pursuant to section 134 of this Act. As a consequence, the Department is responsible for the management of and all costs of workers compensation claims.

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

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The workers compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. For the 2015-16 financial year the Department has reflected a workers compensation provision of \$100.084 million (\$96.517 million). Refer to Note 34.

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred valuation method. The assessment has been conducted in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, and the Return to Work SA guidelines for actuarial assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

The Department is directly responsible for the cost of workers compensation claims and the implementation and funding of preventative programs.

From 1 July 2010, the Department devolved annual funding to all remaining safety net funded LHNs and health centres for workers compensation expenditure, excluding lump sum payments. Accordingly, the Department recognises a payable to the LHNs equivalent to the redemption and lump sum payments which the LHNs recognise as a provision in their financial statements. The workers compensation liability to the LHNs recognised by the Department as at 30 June 2016 is \$33.351 million (\$27.225 million). Refer to Note 31. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

Change of accounting estimate

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.34 Specific Purpose Funds

The Consolidated Entity receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by the Consolidated Entity, and are used to help achieve the Consolidated Entity 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 Consolidated Entity.

2.35 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Consolidated Entity has entered into finance leases and operating leases.

Finance leases

Finance leases which transfer substantially all the risks and benefits/rewards incidental to ownership of the leased assets to the Consolidated Entity, are capitalised at inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

Where there is no reasonable assurance that the Consolidated Entity will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets or on a straight-line basis over the lease term. The straight-line basis is used when it is representative of the pattern of benefits derived from the leased assets.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Lease incentives

The aggregate benefit of lease incentives received by the Consolidated Entity in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

2.36 Build Own Operate Transfer Scheme - Carpark

In 1999-2000, the Royal Adelaide Hospital (RAH) (part of Central Adelaide Local Health Network) entered into a Build Own Operate Transfer (BOOT) structured financing arrangement for the construction and operation of an employee carpark facility on RAH controlled site land.

Construction of the carpark

At commencement of the arrangement, the RAH received funds of \$16.843 million from a private financier as consideration for the fee for use of the site land as a transfer of the obligation to make the construction payments to the builder.

The construction payments of the carpark totalled \$14.500 million, and construction was completed in 2001-02. The remaining funds represent the prepaid site license fee revenue, reported as unearned revenue in the Statement of Financial Position. These funds were used to make the initial finance lease payments until the carpark became operational in March 2002. As at 30 June 2013 the remaining unexpended funds have been invested to satisfy the Capital Reserve Fund and Insurance Fund requirements as specified in the carpark agreement and are reflected in the cash balances.

Carpark under finance lease

The arrangement is for the RAH to license the site land to a third party who organised the financing, construction and the operation of the new carpark. The operator may lease the remaining spaces to the general public. This arrangement is for a 28 year term, at which time the car park ownership will be transferred to the RAH. This arrangement is shown in the Statement of Financial Position as a liability and a property asset.

Carpark revenue

From 2002-03, the RAH received an annual fee of \$0.155 million (indexed) from the carpark operator. This represents a royalty on the revenue received by the carpark operator as a result of renting to the general public. This revenue is recognised in the year it is earned and is recorded as rental property revenue.

2.37 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

2.38 SA Government/Non-SA Government disclosures

The Consolidated Entity has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where the Consolidated Entity must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.39 Continuity of Operations

As at 30 June 2016, the Consolidated Entity had working capital deficiency of \$86.104 million (\$53.521 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Consolidated Entity to enable it to perform its functions.

2.40 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.41 Correction of a prior period error

Northern Adelaide Local Health Network - Leave liability correction as at 1 July 2014

During the 2015-16 financial year, an error was identified following a review of data in preparation for the implementation of the CHRIS21 payroll system. The error related to the understatement of leave liabilities for a number of staff. It was further determined that the majority of this understated value, totalling \$6.463 million, related to financial periods before 1 July 2014. This was corrected as a prior period adjustment as the actual error occurred in financial periods before the 2014-15 financial year.

SAAS Contributed Capital - Equity transfer

SAAS has been reporting contributed capital in the Statement of Financial Position and Statement of Changes in Equity. DTF have confirmed that there is no evidence of contributed capital by SA Government. The Consolidated Entity does not consider it appropriate to continue to report contributed capital. This amount (\$6.298 million) has consequently been reported as a prior period error this year.

SAAS Actuarial Recalculation for Prior Year Long Service Leave

During the 2015-16, it was identified that the SAAS long service leave provision was understated. The Actuary has calculated the effect of the understatement, and this has been reflected as an error correction in the statements for the prior year. These corrections will impact LSL, and other non-current employment on costs (\$4.600 million).

Northern Adelaide Local Health Network property, plant and equipment adjustment

During 2015/16, an error was identified in relation to the asset revaluation reserve associated with assets transferred between Central Adelaide Local Health Network and Northern Adelaide Local Health Network effective 1 July 2013. The amount of this error was to increase retained earnings by \$0.162 million.

Prior Period Reclassification

The comparative informative has been amended to better reflect the nature of the transactions in accordance with Note 2.5, 2.8, 2.10 and 2.14.

SAAS Asset Revaluation Prior Period Corrections

SA Ambulance Service Inc has been reporting Asset Revaluation surplus - Leasehold Improvement and Asset Revaluation Surplus - Comms in the Statement of Financial Position and Statement of Changes in Equity. SAAS no longer revalue these Asset classes. These amounts (\$3.749 million) have been reported as a prior period error this year.

The correction of these errors in 2015-16 have resulted in certain account balances for 2014-15 being restated as follows:

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Note	Description	2014-15 Reported Balance (\$'000)	Prior Period Error (\$'000)	Prior Period Reclass- ification (\$'000)	2014-15 Restated Balance (\$'000)
Employee benefits expense ³	Long service leave (LSL)	67,546	4,301	-	71,847
Employee benefits expense ³	Employee on-costs superannuation	297,604	297	-	297,901
Employee benefits expense ³	Other employee related expenses	11,261	2	-	11,263
Employment benefit expense ⁵	Workers compensation expense	31,501	-	(101)	31,400
Supplies and services ⁵	Legal fees	3,622	-	101	3,723
Supplies and services ⁵	Contract of service	134,223	-	(18,950)	115,273
Supplies and services ⁵	Contractors - agency staff	68,882	-	1,663	70,545
Supplies and services ⁵	Fee for service	129,613	-	(1,663)	127,950
Supplies and services ⁵	Rental expense on operating lease	9,757	-	(1,731)	8,026
Supplies and services ⁵	Occupancy rent and rates	47,476	-	1,584	49,060
Supplies and services ⁵	Computing	77,305	-	147	77,452
Supplies and services ⁵	Other supplies and services	46,973	-	(134)	46,839
Other Expenses ⁵	Other	20,469	-	134	20,603
Grants and subsidies ⁵	Funding to non-government organisations	24,714	-	20,131	44,845
Grants and subsidies ⁵	Other	7,311	-	(2,099)	5,212
Grants and subsidies ⁵	Recurrent grants	133	-	73	206
Grants and subsidies ⁵	Subsidies	4,206	-	845	5,051
Other expenses ⁵	Bad and doubtful debts	29,286	-	(9,380)	19,906
Revenue from fees and charges ⁵	Patient and client fees	246,141	-	(9,380)	236,761
Revenue from fees and charges ⁵	Residential and other aged care charges	27,286	-	(31)	27,255
Revenue from fees and charges ⁵	Recoveries	41,083	-	594	41,677
Other revenue ⁵	Other	34,491	-	(678)	33,813
Grants and contributions ⁵	Private sector grants and contributions	30,067	-	115	30,182
Cash and cash equivalents ⁵	Cash at bank or on hand - non-government financial institutions	495,228	-	(358,225)	137,003
Cash and cash equivalents ⁵	Deposits with Treasurer	-	-	358,225	358,225
Receivables ⁵	Less: allowance for doubtful debts	(34,631)	-	124	(34,507)
Receivables ⁵	Patient/client fees Compensable	17,760	-	946	18,706
Receivables ⁵	Patient/client fees Other	45,185	-	(1,070)	44,115
Employee benefits ³	Non current Long service leave	477,921	4,034	-	481,955
Employee benefits ¹	Annual Leave	281,145	1,911	-	283,056
Employee benefits ^{1,3}	Current Long service leave	74,836	4,708	-	79,544
Employee benefits ¹	Skills and experience retention leave	21,414	111	-	21,525
Payables ³	Current employment on-costs	43,314	20	-	43,334
Payables ³	Non current employment on-costs	26,218	279	-	26,497
Equity ^{1,2,4,6}	Retained earnings	526,692	3,746	-	530,438
Equity ²	Contributed capital	1,471,948	(6,298)	-	1,465,650
Equity ^{4,6}	Asset revaluation surplus	315,161	(3,911)	-	311,250

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

Note	Description	2014-15 Reported Balance (\$'000)	Prior Period Error (\$'000)	Prior Period Reclass- ification (\$'000)	2014-15 Restated Balance (\$'000)
Supplies and services ⁵	Contractors - agency staff	15,983	-	1,663	17,646
Supplies and services ⁵	Contract of services	114,193	-	960	115,153
Supplies and services ⁵	Fee for service	1,668	-	(1,663)	5
Supplies and services ⁵	Payments to Shared Services SA	32,044	-	(29,570)	2,474
Grants and subsidies ⁵	Subsidies	3,020	-	1,307	4,327
Grants and subsidies ⁵	Other	6,906	-	(2,267)	4,639
Revenue from fees and charges ⁵	Recoveries	159,445	-	(29,570)	129,875
Grants and contributions ⁵	Capital contributions	3,401	-	(3,401)	-
Other revenue ⁵	Other	1,863	-	3,401	5,264
Cash and cash equivalents ⁵	Cash at bank or on hand - non-government financial institutions	213,017	-	(158,066)	54,951
Cash and cash equivalents ⁵	Deposits with Treasurer	-	-	158,066	158,066
Receivables ⁵	Sundry receivables and accrued revenue	3,608	-	(2,605)	1,003
Payables ⁵	Creditors and accrued expenses	64,565	-	(2,605)	61,960

¹ Northern Adelaide Local Health Network Chris 21 leave adjustments

² SAAS Contributed capital restatement

³ SAAS Actuarial restatement

⁴ Northern Adelaide Local Health Network property, plant and equipment adjustment

⁵ Prior Period Reclassification

⁶ SAAS Asset Revaluation Reserve - Equity transfer

3 New and revised accounting standards and policies

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which the Consolidated Entity has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Consolidated Entity for the period ending 30 June 2016. The Consolidated Entity has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Consolidated Entity, except as outlined below.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Accounting Standards

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Consolidated Entity
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.	1 January 2019	AASB 16 <i>Leases</i> will apply for the first time to our 30 June 2020 financial report. This standard will require the Consolidated Entity to recognise all leased items in the Statement of Financial Position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement the Consolidated Entity has entered into at the time, this could see significant assets and liabilities being recognised and over the lease term amortised.	1 July 2019

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Consolidated Entity
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 and AASB 128]</i>	This amending standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a. A full gain or loss to be recognised when a transaction involves a business; and b. A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business.	1 January 2018	This standard will apply as the Consolidated Entity has an interest in Medvet and Flinders Fertility and participates in joint operations for the Centre of Cancer Biology Alliance and the South Australian Cancer Genome Facility. These amendments clarify the requirements in dealing with the sale of contributions of assets between an investor and its associate or joint venture. When required the Consolidated Entity will recognise the correct portion of the gain or loss.	1 July 2018
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	This amending standard amends the effective date of application to 1 January 2018.			
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of the Consolidated Entity. As a result of the amending standard, the financial report may include some terminology changes eg 'summary of significant accounting policies' to 'significant accounting policies'; and possibly grouping or ordering of similar items in the notes. In addition, the standard clarifies that where some standards specify information that is required to be disclosed, these need not be provided if not material.	1 July 2016

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Consolidated Entity
AASB 2015-5	<i>Amendments to Australian Accounting Standards - Investment Entities: Applying the consolidation exception</i> [AASB 10, AASB 12, AASB 128]	This amending standard amends AASB 10, AASB 12 and AASB 128: a. To confirm that the exemption from preparing consolidated statements in AASB 10 is available to a parent entity that is a subsidiary of an investment entity; b. To clarify the applicability of AASB 12 to the financial statements of an investment entity; c. To introduce relief in AASB-128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.	1 January 2016	This standard will have an impact on the Consolidated Entity. The Consolidated Entity does have joint control and a joint venture in another entity The Consolidated Entity will analyse the joint control and the joint venture in another entity, based on the use of the new equity method in the future.	1 July 2016
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 and AASB 1049]	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	The Consolidated Entity is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require the Consolidated Entity to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

4 Activities of the Consolidated Entity

In achieving its objectives, the Consolidated Entity provides a range of services classified into the following activities:
 Activity A: Policy, Clinical Services, System Transformation and Administration;
 Activity B: Health Services.

The disaggregated disclosure schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2015.

5 Employee benefit expenses

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	2,845,449	2,746,956	132,027	151,685
TVSP (refer below)	3,884	5,184	1,991	765
Long service leave (LSL)	162,435	71,847	9,303	3,982
Annual leave	268,171	255,802	11,579	12,653
Skills and experience retention leave (SERL)	12,774	11,622	669	808
Employment on-costs - superannuation	301,888	297,901	16,165	19,570
Employment on-costs - other	6,384	6,039	6,145	5,809
Workers compensation	49,232	31,400	6,696	6,431
Board and committee fees	804	846	263	335
Other employee related expenses	14,142	11,263	10,690	9,484
Total employee benefit expenses	3,665,163	3,438,860	195,528	211,522
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)				
Amount paid during the reporting period to separated employees:				
TVSPs	3,884	5,184	1,991	765
Annual leave, LSL and SERL paid to those employees	2,336	1,889	1,408	384
	6,220	7,073	3,399	1,149
Recovery from the Department of Treasury and Finance (DTF)*	-	3,014	-	557
Net cost to the Entity	6,220	4,059	3,399	592
Number of employees who received a TVSP during the reporting period	49	73	24	7

*TVSP recoveries from DTF are to be recognised when the Consolidated Entity obtains control over the funds associated with the TVSP recovery or the right to receive the TVSP recovery from DTF. This will generally be upon receipt of the funds or obtaining written confirmation/substantiation from DTF that provides a right to receive the funds associated with the TVSP recovery.

	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenses recognised in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:				
Current service cost	9,033	8,779	-	-
Interest cost	632	530	-	-
Total included in staff benefit expenses	9,665	9,309	-	-

Service cost does not include the cost of 3% award contributions for some members.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	Executive Number	Non- medical Number	Other Number	2016 Total Number	2015 Total Number
\$141,500 - \$145,000*	NA	NA	NA	NA	175
\$145,001 - \$155,000	6	48	400	454	336
\$155,001 - \$165,000	10	29	273	312	300
\$165,001 - \$175,000	11	15	213	239	252
\$175,001 - \$185,000	12	8	145	165	149
\$185,001 - \$195,000	16	5	109	130	123
\$195,001 - \$205,000	4	9	85	98	99
\$205,001 - \$215,000	7	5	73	85	91
\$215,001 - \$225,000	4	5	85	94	80
\$225,001 - \$235,000	6	2	59	67	68
\$235,001 - \$245,000	5	3	64	72	53
\$245,001 - \$255,000	3	-	45	48	43
\$255,001 - \$265,000	2	-	31	33	41
\$265,001 - \$275,000	3	-	31	34	36
\$275,001 - \$285,000	3	1	33	37	28
\$285,001 - \$295,000	3	-	28	31	47
\$295,001 - \$305,000	-	1	38	39	52
\$305,001 - \$315,000	1	-	52	53	58
\$315,001 - \$325,000	-	-	49	49	40
\$325,001 - \$335,000	2	1	37	40	35
\$335,001 - \$345,000	1	-	36	37	45
\$345,001 - \$355,000	1	-	42	43	50
\$355,001 - \$365,000	1	-	36	37	41
\$365,001 - \$375,000	2	-	41	43	48
\$375,001 - \$385,000	2	-	51	53	45
\$385,001 - \$395,000	1	-	43	44	49
\$395,001 - \$405,000	2	-	45	47	34
\$405,001 - \$415,000	-	-	37	37	44
\$415,001 - \$425,000	-	-	22	22	25
\$425,001 - \$435,000	-	-	38	38	28
\$435,001 - \$445,000	-	-	29	29	28
\$445,001 - \$455,000	-	-	28	28	28
\$455,001 - \$465,000	-	-	24	24	22
\$465,001 - \$475,000	-	-	26	26	22
\$475,001 - \$485,000	-	-	22	22	26
\$485,001 - \$495,000	-	-	26	26	24
\$495,001 - \$505,000	1	1	23	25	18
\$505,001 - \$515,000	-	-	19	19	12
\$515,001 - \$525,000	-	-	12	12	11
\$525,001 - \$535,000	-	-	19	19	7
\$535,001 - \$545,000	-	-	15	15	11
\$545,001 - \$555,000	-	-	9	9	12
\$555,001 - \$565,000	-	-	11	11	15
\$565,001 - \$575,000	-	-	10	10	5
\$575,001 - \$585,000	-	-	13	13	10
\$585,001 - \$595,000	-	-	8	8	3
\$595,001 - \$605,000	-	-	8	8	7
\$605,001 - \$615,000	-	-	7	7	9
\$615,001 - \$625,000	-	-	7	7	6
\$625,001 - \$635,000	-	-	3	3	1

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

				2016	2015
	Executive Number	Non- medical Number	Other Number	Total Number	Total Number
\$635,001 - \$645,000	-	-	10	10	5
\$645,001 - \$655,000	-	-	2	2	5
\$655,001 - \$665,000	-	-	3	3	2
\$665,001 - \$675,000	-	-	4	4	3
\$675,001 - \$685,000	-	-	4	4	-
\$685,001 - \$695,000	-	-	1	1	2
\$695,001 - \$705,000	-	-	3	3	1
\$715,001 - \$725,000	-	-	-	-	1
\$725,001 - \$735,000	-	-	-	-	1
\$735,001 - \$745,000	-	-	1	1	-
\$755,001 - \$765,000	-	-	1	1	-
\$775,001 - \$785,000	-	-	1	1	1
\$845,001 - \$855,000	-	-	1	1	-
\$905,001 - \$915,000	-	-	-	-	1
Total number of employees	109	133	2,591	2,833	2,814

	2016 \$'000	2015 \$'000
Total remuneration received or due and receivable by employees included above:	747,126	721,593

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2014-15.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

Where employees have left the Consolidated Entity, the remuneration reflects lump sum LSL, annual leave and termination benefits. Remuneration does not include inventor royalty payments.

Employees of the the Consolidated Entity whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Executive remuneration \$24.263 million, 109 employees (\$25.332 million, 114 employees);
- Non-medical (i.e. administration) remuneration \$23.263 million, 133 employees (\$22.845 million, 136 employees);
- Other (i.e. medical, nursing and operational) remuneration \$699.600 million, 2,591 employees (\$673.416 million, 2,564 employees).

The total remuneration received by these employees for the year was \$747.126 million (\$721.593 million).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	Executive Number	Non- medical Number	Other Number	2016 Total Number	2015 Total Number
\$141,500 - \$145,000*	NA	NA	NA	NA	4
\$145,001 - \$155,000	4	12	-	16	18
\$155,001 - \$165,000	1	11	-	12	8
\$165,001 - \$175,000	4	2	-	6	7
\$175,001 - \$185,000	1	1	-	2	5
\$185,001 - \$195,000	6	1	-	7	5
\$195,001 - \$205,000	1	1	-	2	3
\$205,001 - \$215,000	1	-	-	1	4
\$215,001 - \$225,000	2	-	-	2	3
\$225,001 - \$235,000	3	-	1	4	3
\$235,001 - \$245,000	3	-	1	4	3
\$245,001 - \$255,000	1	-	-	1	-
\$255,001 - \$265,000	2	-	-	2	4
\$265,001 - \$275,000	2	-	-	2	5
\$275,001 - \$285,000	2	1	-	3	2
\$285,001 - \$295,000	3	-	-	3	2
\$295,001 - \$305,000	-	-	-	-	1
\$305,001 - \$315,000	-	-	2	2	1
\$315,001 - \$325,000	-	-	1	1	1
\$325,001 - \$335,000	1	1	-	2	-
\$335,001 - \$345,000	-	-	-	-	2
\$345,001 - \$355,000	-	-	1	1	3
\$355,001 - \$365,000	1	-	1	2	-
\$365,001 - \$375,000	-	-	-	-	1
\$375,001 - \$385,000	1	-	-	1	-
\$395,001 - \$405,000	1	-	-	1	1
\$405,001 - \$415,000	-	-	-	-	1
\$415,001 - \$425,000	-	-	1	1	-
\$435,001 - \$445,000	-	-	-	-	1
\$455,001 - \$465,000	-	-	1	1	-
\$495,001 - \$505,000	1	1	-	2	-
Total number of employees	41	31	9	81	88
				2016	2015
				\$'000	\$'000
Total remuneration received or due and receivable by employees included above:				18,313	18,887

Employees of the Department whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Executive remuneration \$9.719 million, 41 employees (\$12.197 million, 53 employees);
- Non-medical (i.e. administration) remuneration \$5.592 million, 31 employees (\$4.054 million, 25 employees);
- Other remuneration (i.e. medical, nursing and operational) \$3.002 million, 9 employees (\$2.636 million, 10 employees).

The total remuneration received by these employees for the year was \$18.313 million (\$18.887 million).

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

6 Supplies and services	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Administration	13,095	14,253	2,062	2,022
Advertising	5,641	5,966	2,346	2,605
Communication	24,731	23,723	13,314	12,814
Computing	75,267	77,452	66,327	68,788
Contractors	30,652	25,007	8,867	6,325
Contractors - agency staff	73,962	70,545	21,767	17,646
Consultants	24,243	14,036	21,093	11,314
Contract of services	104,887	115,273	104,556	115,153
Cost of goods sold	2,176	2,407	95,586	76,547
Drug supplies	231,685	184,250	1,155	966
Electricity, gas and fuel	35,714	40,824	116	155
Fee for service	139,409	127,950	1	5
Finance lease contingent rentals	2,264	1,937	-	1
Food supplies	34,475	34,470	90	50
Health surveys	562	363	525	345
Housekeeping	93,971	92,505	102	68
Insurance	59,831	43,277	57,719	41,546
Interstate patient transfers	31,183	38,192	31,171	38,189
Legal	4,906	3,723	3,501	2,807
Medical, surgical and laboratory supplies	298,018	283,794	129	56
Minor equipment	21,713	27,267	7,774	6,842
Motor vehicle expenses	13,680	14,442	827	970
Occupancy rent and rates	52,939	49,060	15,016	15,728
Patient transport	27,633	24,700	12	6
Payments to Shared Services SA	30,685	32,071	1,988	2,474
Periodical, journals and publications	952	1,164	78	126
Postage	13,341	12,936	2,343	2,515
Printing and stationery	17,976	18,512	1,506	2,253
Rental expense on operating lease	8,900	8,026	277	218
Repairs and maintenance	93,514	97,262	20,956	5,185
Security	24,140	23,329	565	929
Staff training and development	35,315	33,901	3,173	3,389
Staff travel expenses	20,708	20,279	1,225	1,590
Waste removal	4,568	3,453	15	7
Other supplies and services	47,358	46,839	6,011	4,552
Total supplies and services	1,700,094	1,613,188	492,193	444,186
Consolidated				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	22	89	16	78
Above \$10,000	72	24,154	76	13,958
Total paid/payable to consultants engaged	94	24,243	92	14,036
Parent				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	4	19	9	48
Above \$10,000	38	21,074	46	11,266
Total paid/payable to consultants engaged	42	21,093	55	11,314

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

7 Depreciation and amortisation expense	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings and improvements	102,383	105,993	60	82
Site improvements	12,524	4,749	2	-
Computing equipment	4,135	5,160	3,838	4,532
Medical, surgical, dental and biomedical equipment	35,730	33,218	-	-
Motor vehicles	5,830	5,409	-	-
Power generation and transmission	492	601	-	-
Other plant and equipment	2,755	2,747	75	82
Total depreciation	163,849	157,877	3,975	4,696
	Consolidated		Parent	
	2016	2015	2016	2015
Amortisation				
Buildings and improvements under finance lease	2,910	2,921	-	-
Leasehold improvements	4,067	2,984	734	468
Plant and equipment under finance lease	48	55	-	-
Intangible assets	17,917	14,098	14,359	10,584
Total amortisation	24,942	20,058	15,093	11,052
Total depreciation and amortisation	188,791	177,935	19,068	15,748
8 Grants and subsidies	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Recurrent grants	57	206	-	-
Recurrent funding to incorporated Health Services	-	-	3,918,809	3,815,279
Capital funding to incorporated Health Services	-	-	268,928	170,377
Subsidies	5,243	5,051	5,561	4,327
Funding to non-government organisations	46,211	44,845	15,103	15,649
Other	4,788	5,212	4,823	4,639
Total grants and subsidies	56,299	55,314	4,213,224	4,010,271
8.1 Recurrent funding to incorporated Health Services				
SA Ambulance Service Incorporated	-	-	114,832	118,346
Country Health SA Local Health Network Incorporated	-	-	604,728	582,149
Southern Adelaide Local Health Network Incorporated	-	-	831,954	820,280
Central Adelaide Local Health Network Incorporated	-	-	1,455,781	1,391,344
Women's and Children's Health Network Incorporated	-	-	374,597	376,642
Northern Adelaide Local Health Network Incorporated	-	-	536,917	526,518
Total recurrent funding to incorporated Health Services	-	-	3,918,809	3,815,279
8.2 Capital funding to incorporated Health Services				
SA Ambulance Service Incorporated	-	-	13,160	8,856
Country Health SA Local Health Network Incorporated	-	-	12,924	30,007
Southern Adelaide Local Health Network Incorporated	-	-	49,928	9,209
Central Adelaide Local Health Network Incorporated	-	-	163,673	97,466
Women's and Children's Health Network Incorporated	-	-	2,682	3,035
Northern Adelaide Local Health Network Incorporated	-	-	26,561	21,804
Total capital funding to incorporated Health Services	-	-	268,928	170,377

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

8.3 Funding to non-government organisations

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Rural Doctors Workforce Agency	7,033	6,964	-	-
South Australian Health and Medical Research Institute Limited	6,267	5,678	5,405	5,036
Aboriginal Support*	3,754	3,533	350	450
Royal Flying Doctor Services	3,450	3,097	-	-
Nganampa Health Council Inc	3,030	3,233	548	696
Pika Wiya Health Service Aboriginal Corporation	2,358	2,270	168	169
Australian Red Cross Blood Service	2,331	2,242	-	-
The University of Adelaide	1,464	373	30	50
Community Support*	1,430	1,641	1,010	780
Aboriginal Health Council of South Australia Inc (AHCSA)	1,421	1,955	964	1,318
Uniting Care Wesley	1,190	1,210	570	566
Ceduna Koonibba Aboriginal Health Service	1,135	1,290	180	179
Keith District Hospital	1,095	918	-	-
Health Promotions*	843	648	682	542
University of South Australia	830	642	337	272
Cancer Council SA	785	785	-	-
Local Council Support*	784	900	410	899
GP Partners Australia	639	497	639	497
Sexual Health Information Networking & Education SA Inc	600	564	600	564
Aged Care Support*	563	477	563	401
Scholarship*	541	344	181	123
Mental Health Coalition of South Australia Inc	491	474	492	464
Mental Health Support*	490	509	502	384
Hepatitis SA Inc	483	478	-	-
Adelaide Unicare	480	403	-	-
Health Consumers Alliance of South Australia Inc	441	432	440	432
United Church in Australia Frontier Services	379	707	-	-
Flinders University	353	53	90	59
Council on the Ageing SA Inc	330	328	328	318
Anglican Community Care Housing Association Inc	318	318	-	-
Chaplaincy Services SA Inc	301	301	301	301
Other*	602	1,581	313	1,149
Total funding to non-government organisations	46,211	44,845	15,103	15,649

* Contains funding provided to these support services.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

9	Borrowing costs	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	2,052	2,410	-	-
	Interest on borrowings	1,303	1,516	1,303	1,516
	Other finance charges	22	35	22	35
	Total borrowing cost	3,377	3,961	1,325	1,551

The Consolidated Entity does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the Statement of Comprehensive Income was \$3.377 million (\$3.961 million).

10	Other expenses	Note	Consolidated		Parent	
			2016	2015	2016	2015
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	22	18,500	19,906	42	107
	Bank fees and charges		303	412	75	61
	Donated assets expense		1,416	9	1,416	5
	Donated drug vaccine expense		22,852	22,779	22,852	22,779
	Ex gratia payments		-	1	-	1
	Impairment expense		56,118	-	-	-
	Net loss on revaluation of shares		5,263	1,402	-	-
	Net loss on sale of investments		29	-	-	-
	Royalty payments		10,548	9,674	-	-
	Soil remediation expenses		-	20,000	-	-
	Write-off of inventory		-	1	-	-
	Deed of Settlement		36,535	-	-	-
	Other		8,251	20,603	4,883	5,478
	Total other expenses		159,815	94,787	29,268	28,431

11	Auditor's remuneration	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Audit fees paid/payable relating to the audit of financial statements				
	Auditor fees - auditing financial statements	2,977	2,553	1,004	513
	Auditor fees - other services	194	56	133	-
	Total audit fees	3,171	2,609	1,137	513

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses – Other' (refer Note 10).

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

12 Revenue from fees and charges	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Ambulance Cover	24,440	23,752	-	-
Ambulance transport	70,087	62,928	-	-
Business services	652	698	652	698
Call Direct	1,177	1,309	-	-
Fines, fees and penalties	1,252	1,317	1,013	1,053
Interstate patient transfers	72,003	69,138	72,001	69,135
Insurance recoveries	363	539	363	292
Insurance recoveries from health services	-	-	32,142	31,410
Patient and client fees	245,999	236,761	-	-
Private practice fees	42,447	43,778	2,036	2,260
Recoveries	37,708	41,677	113,382	129,875
Residential and other aged care charges	27,817	27,255	-	-
Sale of goods - medical supplies	2,550	2,355	95,655	76,541
Other user charges and fees	47,202	50,252	1,598	1,357
Total fees and charges	573,697	561,759	318,842	312,621

13 Grants and contributions	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
13.1 Commonwealth revenues / grants and contributions				
Commonwealth aged care subsidies	74,155	70,092	-	-
Pharmaceutical benefits scheme Commonwealth subsidy	164,233	119,554	-	-
Commonwealth national health reform agreement funding	1,211,618	1,113,155	1,211,618	1,113,155
Department of Veteran's Affairs	52,200	53,435	52,200	53,435
Transition care program	22,803	23,480	22,803	23,480
Other	62,118	66,839	16,047	15,901
Total Commonwealth grants and contributions	1,587,127	1,446,555	1,302,668	1,205,971

13.2 Grants and contributions from SA Government agencies	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Community Development Fund	7,000	7,144	7,000	7,000
Capital contributions	11,455	-	11,455	-
Other grants and contributions from SA Government agencies	18,713	17,768	633	745
Total grants and contributions from SA Government agencies	37,168	24,912	19,088	7,745

13.3 Private sector grants and contributions	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Private sector capital contributions	873	424	-	-
Private sector grants and contributions	30,977	30,182	2,213	2,696
Total private sector grants and contributions	31,850	30,606	2,213	2,696
Total grants and contributions	1,656,145	1,502,073	1,323,969	1,216,412

Restrictions on contributions received

Of the \$1,656.145 million (\$1,502.073 million) received in 2015-16 for grants and contributions, \$1,445.000 million (\$1,349.752 million) was provided for specific purposes, including State and Commonwealth Health initiatives-Health reforms, research and other associated activities.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

14 Interest revenue	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest from SAFA	28	1,342	-	-
Interest on loans	-	-	1,426	1,691
Bank interest	6,484	7,859	3,616	3,869
Interest on Special Purpose Funds (SPF)	2,307	1,489	-	-
Other	19	4	19	4
Total interest revenue	8,838	10,694	5,061	5,564

15 Resources received free of charge	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and improvements	-	380	35,178	10,308
Buildings	216	1,180	7,099	13,016
Plant and equipment	5,664	524	-	27
Inventory	17,945	8,505	17,945	8,505
Total resources received free of charge	23,825	10,589	60,222	31,856

16 Net gain/(loss) from disposal of non-current and other assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	220	-	-	-
Less net book value of assets disposed	(1,168)	(1,800)	(28)	(30)
Less other costs of disposal	(9)	-	-	-
Net gain/(loss) from disposal of land and buildings	(957)	(1,800)	(28)	(30)
	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Plant and equipment:				
Proceeds from disposal	512	685	-	-
Less net book value of assets disposed	(3,059)	(5,439)	(38)	(32)
Less other costs of disposal	(55)	(80)	-	-
Net gain/(loss) from disposal of plant and equipment	(2,602)	(4,834)	(38)	(32)
Investments:				
Less net book value of assets disposed	-	(269)	-	-
Net gain/(loss) from disposal of investments	-	(269)	-	-
Intangibles:				
Less net book value of assets disposed	-	(282)	-	(249)
Net gain/(loss) from disposal of intangibles	-	(282)	-	(249)
Non-current assets held for resale:				
Proceeds from disposal	6,932	34,569	6,932	34,569
Less net book value of assets disposed	(6,752)	(25,929)	(6,752)	(25,929)
Less other costs of disposal	(290)	(230)	(290)	(230)
Net gain/(loss) from disposal of non-current assets held for resale	(110)	8,410	(110)	8,410

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Total assets:				
Total proceeds from disposal	7,664	35,254	6,932	34,569
Less total value of assets disposed	(10,979)	(33,719)	(6,818)	(26,240)
Less other costs of disposal	(354)	(310)	(290)	(230)
Total net gain/(loss) from disposal of assets	(3,669)	1,225	(176)	8,099
17 Other revenue	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	145	138	20	26
Dividend revenue	215	152	-	-
Royalty income	15,898	14,667	-	-
Training revenue	942	1,394	246	247
Donations received	11,214	10,005	-	-
Gain on revaluation of investment property	102	-	-	-
Other	32,765	33,813	2,930	5,264
Total other revenue	61,281	60,169	3,196	5,537
18 Other income	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Reversal of prior period revaluation decrement - Buildings and improvements	-	5,810	-	-
Total other income	-	5,810	-	-
19 Revenue from SA Government	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contingency funds from Department of Treasury and Finance	69,571	6,693	69,571	9,150
TVSP recovery funds from Department of Treasury and Finance	-	3,014	-	557
Appropriations from Consolidated Account pursuant to the Appropriation Act	3,006,316	3,064,307	3,006,316	3,064,307
Commonwealth grants received via Treasury	44,641	117,309	44,641	117,309
Total revenue from SA Government	3,120,528	3,191,323	3,120,528	3,191,323
Payments to SA Government				
Other payments to the Consolidated Account	-	26,977	-	26,977
Return of surplus cash pursuant to cash alignment policy	43,636	-	43,636	-
Total payments to SA Government	43,636	26,977	43,636	26,977
Total revenue from SA Government	3,076,892	3,164,346	3,076,892	3,164,346

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

20 Unexpended funding commitments

The Consolidated Entity is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Consolidated Entity on the premise that these funds are expended in a manner consistent with the terms of the program. The Consolidated Entity had outstanding funding commitments to the following programs:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
New Royal Adelaide Hospital - Site Works (Operational)	20,058	7,966	-	-
Enterprise Patient Administration System	3,006	-	3,006	-
SA Health Supply Distribution Centre	1,683	626	1,683	626
National Partnership Agreement on Improving Public Hospital Services - Crisis Respite	555	1,512	-	538
BloodSafe eLearning Australia	406	752	60	82
Improving Trachoma Control Services for Indigenous Australians	401	221	-	-
National Reform Package on Organ and Tissue Donation for Transplantation	401	269	55	27
Enterprise Pathology Laboratory Information System	339	413	-	-
Patient Assistance Transport Scheme	303	416	-	-
CHRIS 21 project	272	-	272	-
National Partnership Agreement on Supporting Mental Health Reform	146	492	-	-
SA Ambulance - Stretcher Replacement Program	129	-	-	-
Pinery Fire Mental Health Community Recovery Initiative	65	-	-	-
Glenside - Disposal of Surplus Land	58	426	58	426
Enterprise System for Medical Imaging	38	-	-	-
Integrated Regional Clinical Training Networks Program	32	164	32	164
Port Lincoln Health Services Asbestos Remediation Project	-	1,472	-	-
Transitional Care Program	-	721	-	-
Oracle Corporate Systems Phase 3 Implementation	-	714	-	714
Simulated Learning Environments Program	-	510	-	510
Home and Community Care	-	425	-	-
BreastScreen SA relocation to 167 Flinders Street	-	383	-	-
Health and Hospital Workforce Reform - Activity Based Funding	-	381	-	381
Information and Communication Technology - New and Enhanced	-	249	-	249
Port Augusta and Ceduna Drug and Alcohol Day Centres	-	172	-	-
Closing the Gap in Indigenous Health Outcomes	-	162	-	-
Clinical Supervision Support Program	-	138	-	138
National Drug Strategy	-	123	-	-
Community Guardian Scheme	-	100	-	100
National Perinatal Depression Initiative	-	65	-	65
Nurse Practitioner Support Scheme	-	28	-	-
National Partnership Agreement on Rheumatic Fever Strategy	-	18	-	18
OzFood Net	-	11	-	11
Total unexpended funding commitments	27,892	18,929	5,166	4,049

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

21 Cash and cash equivalents	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	170,883	137,003	120,249	54,951
Deposits with Treasurer	258,315	358,225	62,017	158,066
Imprest account/cash on hand	393	443	8	8
Total cash	429,591	495,671	182,274	213,025

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is discussed in Note 37. The carrying amount of cash and cash equivalents represents fair value.

22 Receivables	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Patient/client fees				
Compensable	16,325	18,706	-	-
Aged care	5,285	6,048	-	-
Other	53,962	44,115	-	-
Grants	64	-	-	-
Interstate patient transfers	112,618	95,640	112,618	95,640
Dividends receivable	15	17	-	-
Interest income receivable	705	561	300	-
Loans	144	-	3,811	2,682
Prepayments	19,341	15,736	12,139	9,411
Debtors	76,038	58,663	19,414	5,963
Receivables	284,497	239,486	148,282	113,696
Less: allowance for doubtful debts	(34,212)	(34,507)	(421)	(383)
Sundry receivables and accrued revenue	37,590	37,022	401	1,003
GST recoverable	22,647	17,275	19,178	11,723
Total current receivables	310,522	259,276	167,440	126,039
Non-Current				
Loans	144	-	12,437	16,248
Prepayments	1,912	2,207	-	-
Debtors	566	544	12	16
Receivables	2,622	2,751	12,449	16,264
GST recoverable	2,445	2,747	-	-
Total non-current receivables	5,067	5,498	12,449	16,264
Total receivables	315,589	264,774	179,889	142,303

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. The Consolidated Entity's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure information

Refer to Note 37.

Bad and doubtful debts

The Consolidated Entity has recognised a bad and doubtful debt expense of \$18.500 million (\$19.906 million) in the Statement of Comprehensive Income.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	34,507	34,055	383	306
Amounts written off	(17,258)	(19,301)	-	-
Amounts recovered during the year	(75)	(122)	-	-
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	17,038	19,875	38	77
Carrying amount at the end of the period	34,212	34,507	421	383

Revision of accounting estimates

The provision for doubtful debts has previously been calculated using an assessment of collectability rates at a consolidated SA Health economic entity (group) level. In 2015-16 collectability rates specific to each public authority have been used, as it was decided such rates better reflect the credit risk applicable to each reporting entity comprising the group.

This has resulted for the Consolidated Entity in an increase of \$0.566 million (Parent increase \$0.098 million) in the amount of doubtful debts expense calculated on these receivables in the 2015-16 financial year relative to that which would have been expensed based on the previous estimation of doubtful debts expense.

It is impractical to estimate the effect on future years.

Reconciliation of inter-health loans

The balance of loans to health services and related movements is as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	-	-	18,930	21,858
Total repayable	-	-	18,930	21,858
Principal payments received	-	-	(2,682)	(2,928)
Balance at 30 June	-	-	16,248	18,930

As at 30 June 2016 the Department has financed two Health Services with loans of \$2.754 million (\$3.488 million) for aged care housing and \$13.494 million (\$15.442 million) for the Flinders Medical Centre (FMC) carpark from departmental funds with a back-to-back loan arrangement with Department of Treasury and Finance for the FMC carpark loan.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
The movements and status of the back-to-back loan arrangements are as follows:	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	-	-	15,442	17,694
Principal repayments	-	-	(1,948)	(2,252)
Balance at 30 June	-	-	13,494	15,442

23 Inventories	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current - held for distribution				
Materials at cost:				
Drug supplies	25,156	22,400	10,640	7,720
Medical, surgical and laboratory supplies	2,443	2,401	-	-
Food and hotel supplies	589	510	-	-
Engineering supplies	32	88	-	-
SA Health distribution centre and bulk warehouses	12,035	9,120	12,035	9,120
Inventory imprest stock	12,566	8,214	-	-
Other	927	1,250	-	-
Total current inventories - held for distribution	53,748	43,983	22,675	16,840

Inventory adjustment

The Consolidated Entity has recognised an increase in the value of inventory of \$0.090 million compared to a decrease of (\$4.387 million) in the prior year.

24 Other financial assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits:				
Finance institutions	82,518	61,569	-	-
SA Government Financing Authority	1,253	1,225	-	-
Other investments	5,753	7,427	-	-
Total current investments	89,524	70,221	-	-
Non-current				
Term deposits:				
Finance institutions	2,038	-	-	-
Other investments	4,384	6,855	-	-
Total non-current investments	6,422	6,855	-	-
Total investments	95,946	77,076	-	-

Categorisation and maturity analysis of other financial assets and risk exposure information

Refer to Note 37.

25 Other assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Other	4	46	-	-
Total current other assets	4	46	-	-
Total other assets	4	46	-	-

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

26	Non-current assets classified as held for sale	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	Land	26,138	1,601	26,138	1,601
	Buildings and improvements	6,444	1,301	6,444	1,301
	Total non-current assets classified as held for sale	32,582	2,902	32,582	2,902
27	Property, plant and equipment	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	Land and buildings				
	Land only holdings at fair value	38,680	38,680	36,111	36,111
	Site land at fair value	344,627	393,793	9,285	5,278
	Land at fair value	383,307	432,473	45,396	41,389
	Buildings and improvements at fair value	2,021,692	2,033,562	1,986	1,645
	Buildings and improvements under finance lease at fair value	111,202	111,184	-	-
	Site improvements at fair value	148,975	156,086	51	-
	Buildings and improvements under construction (work in progress)	152,950	60,342	-	235
	Buildings and improvements	2,434,819	2,361,174	2,037	1,880
	Accumulated amortisation - buildings and improvements under finance lease	3,330	420	-	-
	Accumulated depreciation - buildings and improvements	120,971	9,914	124	89
	Accumulated amortisation/depreciation	124,301	10,334	124	89
	Total land, buildings and improvements	2,693,825	2,783,313	47,309	43,180
	Leasehold improvements				
	Leasehold improvements at fair value	59,019	54,336	5,787	5,598
	Accumulated amortisation	18,029	15,650	3,008	2,319
	Total leasehold improvements	40,990	38,686	2,779	3,279
	Plant and equipment				
	Computing equipment at cost (deemed fair value)	42,777	39,939	35,857	32,274
	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	308,077	307,856	28	28
	Motor vehicles at cost (deemed fair value)	44,274	41,788	-	-
	Power generation and transmission at cost (deemed fair value)	8,760	8,257	-	-
	Plant and equipment - major at cost (deemed fair value)	617	1,609	-	-
	Other plant and equipment at cost (deemed fair value)	39,838	41,356	797	916
	Plant and equipment under finance lease at fair value	565	565	-	-
	Plant and equipment under construction (work in progress)	55,485	22,344	537	3,510
	Total plant and equipment	500,393	463,714	37,219	36,728
	Accumulated depreciation - computing equipment	39,368	36,869	32,887	29,675
	Accumulated depreciation - medical, surgical, dental and biomedical	217,094	207,579	28	28
	Accumulated depreciation - motor vehicles	27,563	24,977	-	-
	Accumulated depreciation - power generation and transmission	4,651	4,255	-	-
	Accumulated depreciation - other plant and equipment	26,768	26,724	539	558
	Accumulated amortisation - plant and equipment under finance lease	461	413	-	-
	Accumulated amortisation/depreciation	315,905	300,817	33,454	30,261
	Total plant and equipment	184,488	162,897	3,765	6,467
	Total property, plant and equipment	2,919,303	2,984,896	53,853	52,926

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Valuation of land and buildings

An independent valuation of land, building and site improvements, was performed in May 2015 by Certified Practicing Valuers from AssetVal Pty Ltd, Australian Valuation Solutions Pty Ltd and Liquid Pacific Holdings Pty Ltd, as at 1st June 2015.

The valuers arrived at the fair value of unrestricted land 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.

The valuers used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; and the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework*. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Consolidated Entity's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

Impairment

Impairment losses were recognised for property, plant and equipment assets as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Impairment of property, plant and equipment:				
Buildings and Improvements	(55,261)	-	-	-
Other plant and equipment	(857)	-	-	-
Total impairment of property, plant and equipment	(56,118)	-	-	-

Resources received free of charge

Assets of \$5.880 million (\$2.084 million) were transferred to the Consolidated Entity. Refer to Note 15.

SAAS received free of charge 251 MRx Defibrillators that were replaced during the year. These items were replaced under warranty.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	432,473	2,290,498	38,686	60,342	2,821,999
Additions	-	249	-	147,832	148,081
Assets received free of charge	-	216	-	-	216
Disposals	(1,486)	(353)	(676)	(69)	(2,584)
Revaluation increment/(decrement)	(17,925)	-	-	-	(17,925)
Reversal of prior period revaluation decrement - Buildings and improvements	-	-	-	-	-
Impairment losses	-	(55,261)	-	-	(55,261)
Depreciation and amortisation	-	(117,817)	(4,067)	-	(121,884)
Transfers between asset classes	-	46,713	7,047	(55,155)	(1,395)
Assets reclassified to assets held for sale	(29,755)	(6,677)	-	-	(36,432)
Other movements	-	-	-	-	-
Carrying amount at the end of the period	383,307	2,157,568	40,990	152,950	2,734,815

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	419,819	2,344,167	21,588	109,451	2,895,025
Additions	-	1,405	112	76,967	78,484
Assets received free of charge	380	670	-	510	1,560
Disposals	(363)	(232)	(404)	(801)	(1,800)
Revaluation increment/(decrement)	22,725	(39,558)	-	-	(16,833)
Reversal of prior period revaluation decrement - Buildings and improvements	-	5,810	-	-	5,810
Impairment losses	-	-	-	-	-
Depreciation and amortisation	-	(113,663)	(2,984)	-	(116,647)
Transfers between asset classes	-	104,916	19,771	(125,784)	(1,097)
Assets reclassified to assets held for sale	(10,088)	(13,016)	-	-	(23,104)
Other movements	-	(1)	603	(1)	601
Carrying amount at the end of the period	432,473	2,290,498	38,686	60,342	2,821,999

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	100,277	3,070	22,344	37,206	162,897
Additions	13,245	251	53,195	563	67,254
Assets received free of charge	4,923	-	-	741	5,664
Disposals	(2,437)	-	-	(622)	(3,059)
Revaluation increment/(decrement)	-	-	-	(35)	(35)
Impairment losses	-	-	-	(857)	(857)
Depreciation and amortisation	(35,730)	(4,135)	-	(9,125)	(48,990)
Transfers between asset classes	10,705	4,223	(20,054)	6,740	1,614
Other movements	-	-	-	-	-
Carrying amount at the end of the period	90,983	3,409	55,485	34,611	184,488

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	100,218	8,270	19,186	40,337	168,011
Additions	16,988	65	24,221	989	42,263
Assets received free of charge	210	91	178	45	524
Disposals	(1,409)	(6)	(3,607)	(417)	(5,439)
Revaluation increment/(decrement)	3,596	-	-	125	3,721
Impairment losses	-	-	-	-	-
Depreciation and amortisation	(33,218)	(5,160)	-	(8,812)	(47,190)
Transfers between asset classes	13,886	(148)	(17,636)	4,957	1,059
Other movements	6	(42)	2	(18)	(52)
Carrying amount at the end of the period	100,277	3,070	22,344	37,206	162,897

Other plant and equipment includes motor vehicles under finance lease, motor vehicles at cost, plant and equipment - major at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	41,389	1,556	3,279	235	46,459
Additions	-	-	-	24	24
Assets received free of charge	35,178	7,099	-	-	42,277
Disposals	(1,416)	(3)	(25)	-	(1,444)
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation and amortisation	-	(62)	(734)	-	(796)
Transfers between asset classes	-	-	259	(259)	-
Assets reclassified to assets held for sale	(29,755)	(6,677)	-	-	(36,432)
Other movements	-	-	-	-	-
Carrying amount at the end of the period	45,396	1,913	2,779	-	50,088

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	37,010	2,496	995	-	40,501
Additions	-	-	19	2,362	2,381
Assets received free of charge	10,308	13,016	-	-	23,324
Disposals	-	(30)	-	-	(30)
Revaluation increment/(decrement)	4,159	(828)	-	-	3,331
Depreciation and amortisation	-	(82)	(468)	-	(550)
Transfers between asset classes	-	-	2,127	(2,127)	-
Assets reclassified to assets held for sale	(10,088)	(13,016)	-	-	(23,104)
Other movements	-	-	606	-	606
Carrying amount at the end of the period	41,389	1,556	3,279	235	46,459

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	2,599	3,510	358	6,467
Additions	-	629	13	642
Assets received free of charge	-	-	-	-
Disposals	-	-	(38)	(38)
Depreciation and amortisation	(3,838)	-	(75)	(3,913)
Transfers between asset classes	4,209	(3,602)	-	607
Carrying amount at the end of the period	2,970	537	258	3,765

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	6,480	3,513	366	10,359
Additions	-	529	76	605
Assets received free of charge	-	-	27	27
Disposals	(3)	-	(29)	(32)
Depreciation and amortisation	(4,532)	-	(82)	(4,614)
Transfers between asset classes	654	(532)	-	122
Carrying amount at the end of the period	2,599	3,510	358	6,467

Other plant and equipment includes motor vehicles under finance lease, motor vehicles at cost, plant and equipment - major at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28 Investment property	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Investment property (at fair value)	18,679	18,190	-	-
Total investment property	18,679	18,190	-	-

Valuation of investment property

As at 30 June 2016, an independent valuation was performed on the investment property at Unit 1, 27 Kermode Street North Adelaide, by Asset Val with recent experience in the local market and equivalent properties. Investment properties are measured at fair value.

The valuation of the investment property located at Dalgleish Street, Thebarton was performed by Carol Simons, B Bus. Prop(Val), AAPI Certified Practicing Valuer, an independent valuer from Knight Frank Valuations as at 10 June 2014. 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 is 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.

Impairment

There were no indications of impairment of investment property assets at 30 June 2016.

Consolidated

Reconciliation of investment property

The following table shows the movement of investment property during 2015-16

	Investment property	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	18,190	18,190
Impairment losses	-	-
Revaluation increment/(decrement)	102	102
Transfers between asset classes	387	387
Carrying amount at the end of the period	18,679	18,679

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of investment property

The following table shows the movement of investment property during 2014-15

	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	19,094	19,094
Impairment losses	(269)	(269)
Revaluation increment/(decrement)	(635)	(635)
Transfers between asset classes	-	-
Carrying amount at the end of the period	18,190	18,190

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the Statement of Comprehensive Income for investment property				
Rental income	2,772	2,687	-	-
Total amount recognised in the Statement of Comprehensive Income	2,772	2,687	-	-

29 Intangible assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Internally developed computer software	20	20	-	-
Accumulated amortisation (Internally developed)	(20)	(20)	-	-
Other computer software	149,498	113,791	125,387	89,711
Accumulated amortisation (Other computer software)	(58,383)	(40,762)	(48,270)	(34,188)
Other intangibles	3,095	3,095	-	-
Accumulated amortisation (Other intangibles)	(2,394)	(2,375)	-	-
Intangibles under construction (Work in progress)	19,889	32,230	1,032	25,498
Total intangible assets	111,705	105,979	78,149	81,021

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	32,230	73,029	720	105,979
Additions	24,218	31	-	24,249
Disposals	-	-	-	-
Write-off non-current assets	-	-	-	-
Amortisation	-	(17,898)	(19)	(17,917)
Acquisition/(disposal) through transfers	-	-	-	-
Transfers between asset classes	(36,559)	35,953	-	(606)
Other movements	-	-	-	-
Carrying amount at the end of the period	19,889	91,115	701	111,705

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	23,275	59,313	815	83,403
Additions	36,835	83	-	36,918
Disposals	-	(249)	-	(249)
Write-off non-current assets	(37)	-	4	(33)
Amortisation	-	(13,999)	(99)	(14,098)
Acquisition/(disposal) from transfer	(27,844)	27,882	-	38
Transfers between asset classes	-	-	-	-
Other movements	1	(1)	-	-
Carrying amount at the end of the period	32,230	73,029	720	105,979

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Other computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	25,498	55,523	81,021
Additions	12,094	-	12,094
Disposals	-	-	-
Amortisation	-	(14,359)	(14,359)
Transfers between asset classes	(36,560)	35,953	(607)
Carrying amount at the end of the period	1,032	77,117	78,149

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Other computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	16,130	50,300	66,430
Additions	25,546	-	25,546
Disposals	-	(249)	(249)
Amortisation	-	(10,584)	(10,584)
Transfers between asset classes	(16,178)	16,056	(122)
Carrying amount at the end of the period	25,498	55,523	81,021

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

30 Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Consolidated Entity 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 2016

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 27)	104,524	278,783	383,307	45,396	-	45,396
Buildings (Note 27)	-	2,157,568	2,157,568	-	1,913	1,913
Leasehold improvements (Note 27)	-	40,990	40,990	-	2,779	2,779
Plant and equipment (Note 27)	-	129,003	129,003	-	3,228	3,228
Investment property (Note 28)	18,679	-	18,679	-	-	-
Total recurring fair value measurements	123,203	2,606,344	2,729,547	45,396	7,920	53,316
Non-recurring fair value measurements						
Land held for sale (Note 26)	26,138	-	26,138	26,138	-	26,138
Buildings held for sale (Note 26)	-	6,444	6,444	-	6,444	6,444
Total non-recurring fair value measurements¹	26,138	6,444	32,582	26,138	6,444	32,582
Total	149,341	2,612,788	2,762,129	71,534	14,364	85,898

Fair value measurements at 30 June 2015

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 27)	106,010	326,463	432,473	41,389	-	41,389
Buildings (Note 27)	-	2,290,498	2,290,498	-	1,556	1,556
Leasehold improvements (Note 27)	-	38,686	38,686	-	3,279	3,279
Plant and equipment (Note 27)	-	140,553	140,553	-	2,957	2,957
Investment property (Note 28)	18,190	-	18,190	-	-	-
Total recurring fair value measurements	124,200	2,796,200	2,920,400	41,389	7,792	49,181
Non-recurring fair value measurements						
Land held for sale (Note 26)	1,601	-	1,601	1,601	-	1,601
Buildings held for sale (Note 26)	-	1,301	1,301	-	1,301	1,301
Total non-recurring fair value measurements¹	1,601	1,301	2,902	1,601	1,301	2,902
Total	125,801	2,797,501	2,923,302	42,990	9,093	52,083

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

¹The Consolidated Entity has measured land and buildings held for sale at fair value less costs to sell in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* as the assets' fair value less costs to sell is lower than its carrying amount. Refer to Note 26.

The Consolidated Entity'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 27 and 29.

During 2016 and 2015, the Consolidated Entity had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels in 2015-16.

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.

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 were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings (with the exception of investment property) have 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.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Consolidated

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	326,463	2,329,184	140,553	2,796,200
Additions	-	249	14,059	14,308
Assets received free of charge	-	216	5,664	5,880
Disposals	-	(1,029)	(3,059)	(4,088)
Acquisition/(disposal) through transfers	-	53,760	21,668	75,428
Other movements	-	-	-	-
Assets reclassified to assets held for sale	(29,755)	(6,677)	-	(36,432)
Gains/(losses) for the period recognised in net result:				
- Revaluation increment/(decrement)	-	-	-	-
- Impairment losses/reversals	-	(55,261)	(857)	(56,118)
- Depreciation and amortisation	-	(121,884)	(48,990)	(170,874)
Total gains/(losses) recognised in net result	-	(177,145)	(49,847)	(226,992)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	(17,925)	-	(35)	(17,960)
Total gains/(losses) recognised in OCI	(17,925)	-	(35)	(17,960)
Carrying amount at the end of the period	278,783	2,198,558	129,003	2,606,344

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	321,155	2,365,755	148,825	2,835,735
Additions	-	1,517	18,042	19,559
Assets received free of charge	160	670	346	1,176
Disposals	(360)	(636)	(1,832)	(2,828)
Acquisition/(disposal) through transfers	-	124,687	18,695	143,382
Assets reclassified to assets held for sale	(10,088)	(13,016)	-	(23,104)
Other movements	-	602	(54)	548
Gains/(losses) for the period recognised in net result:				
- Revaluation increment/(decrement)	-	5,810	-	5,810
- Impairment losses/reversals	-	-	-	-
- Depreciation and amortisation	-	(116,647)	(47,190)	(163,837)
Total gains/(losses) recognised in net result	-	(110,837)	(47,190)	(158,027)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	15,596	(39,558)	3,721	(20,241)
Total gains/(losses) recognised in OCI	15,596	(39,558)	3,721	(20,241)
Carrying amount at the end of the period	326,463	2,329,184	140,553	2,796,200

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The Consolidated Entity's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

Parent

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	4,835	2,957	7,792
Additions	-	13	13
Assets received free of charge	7,099	-	7,099
Disposals	(28)	(38)	(66)
Acquisition/(disposal) through transfers	259	4,209	4,468
Assets reclassified to assets held for sale	(6,677)	-	(6,677)
Other movements	-	-	-
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(796)	(3,913)	(4,709)
Total gains/(losses) recognised in net result	(796)	(3,913)	(4,709)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)			
- Revaluation increment/(decrement)	-	-	-
Total gains/(losses) recognised in OCI	-	-	-
Carrying amount at the end of the period	4,692	3,228	7,920

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	3,491	6,846	10,337
Additions	19	76	95
Assets received free of charge	13,016	27	13,043
Disposals	(30)	(32)	(62)
Acquisition/(disposal) through transfers	2,127	654	2,781
Assets reclassified to assets held for sale	(13,016)	-	(13,016)
Other movements	606	-	606
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(550)	(4,614)	(5,164)
Total gains/(losses) recognised in net result	(550)	(4,614)	(5,164)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)			
- Revaluation increment/(decrement)	(828)	-	(828)
Total gains/(losses) recognised in OCI	(828)	-	(828)
Carrying amount at the end of the period	4,835	2,957	7,792

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

31 Payables	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	232,897	204,180	56,908	61,960
Paid Parental Leave Scheme payable	467	658	11	10
Health service workers compensation	-	-	19,120	10,453
Interstate patient transfers	73,175	78,589	73,175	78,589
Employment on-costs	45,756	43,334	2,717	2,668
Other payables	4,988	5,399	-	-
Total current payables	357,283	332,160	151,931	153,680
Non-current				
Creditors and accrued expenses	268	104	-	-
Health service workers compensation	-	-	14,231	16,772
Employment on-costs	31,008	26,497	2,551	2,530
Other payables	193	197	-	-
Total non-current payables	31,469	26,798	16,782	19,302
Total payables	388,752	358,958	168,713	172,982

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the proportion of LSL taken as leave has remained the same for the LHNs and SAAS at the 2015 rate of 51%, this has been reduced for the Department to 40%, and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.12%) to 10.60%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$1.926 million. The estimated impact on 2017 and 2018 is \$1.998 million and \$2.077 million respectively.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employee on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 37.

32 Borrowings	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Loans	3,033	2,569	3,033	2,569
Finance lease	3,320	3,099	-	-
Total current borrowings	6,353	5,668	3,033	2,569
Non-current				
Loans	10,461	13,493	10,460	13,493
Finance lease	26,894	30,214	-	-
Total non-current borrowings	37,355	43,707	10,460	13,493
Total borrowings	43,708	49,375	13,493	16,062

Categorisation of financial instruments, maturity analysis of payables and risk exposure information

Refer to Note 37.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

33 Employee benefits	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	296,172	283,056	13,429	14,225
Long service leave	85,396	79,544	4,747	5,026
Accrued salaries and wages	90,787	87,321	2,539	970
Fringe benefits tax	2,569	2,519	2,559	2,510
Skills and experience retention leave	25,557	21,525	1,072	1,135
Superannuation - defined benefit scheme	14,677	12,145	-	-
Other	335	103	14	15
Total current employee benefits	515,493	486,213	24,360	23,881
Non-current				
Long service leave	587,367	481,955	33,867	30,978
Superannuation - defined benefit scheme	46,422	16,300	-	-
Total non-current employee benefits	633,789	498,255	33,867	30,978
Total employee benefits	1,149,282	984,468	58,227	54,859

AASB 119 Employee Benefits contains the calculation methodology for LSL. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. AASB119 requires the use of a yield on long term Commonwealth Government bonds which matches the expected term of the liabilities as the discount rate in the measurement of the LSL liability. The appropriate yield on long term Commonwealth Government bonds has decreased from 2015 (between 2.70% to 2.95%) to 2016 (between 1.73 to 2.05%).

This decrease of the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability. The net financial effect of the change in the current financial year is an increase in the LSL liability of \$45.714 million and staff benefit expense of \$39.520 million. The impact on the future periods is impracticable to estimate as the LSL is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd changed the salary inflation rate from between 2.50% to 3.00% per annum and 3.00% thereafter, to between 2.50% to 4.00% per annum and then 4.00% thereafter. The net financial effect of the change in salary inflation in the current financial year is an increase in the LSL liability of \$39.865 million and employee benefit expense of \$32.940 million.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3.00% for annual leave and skills, experience and retention leave liability. As a result there was no net financial effect resulting from changes in the salary inflation rate.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 and is held in SAAS.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
Defined benefit superannuation scheme				
Reconciliation of the present value of the defined benefit obligation:	\$'000	\$'000	\$'000	\$'000
Opening balance of defined benefit obligation	245,554	219,473	-	-
Current service cost	9,033	8,779	-	-
Interest cost	6,929	7,428	-	-
Contributions by scheme participants	5,806	5,022	-	-
Actuarial losses	28,003	13,621	-	-
Benefits paid	(7,371)	(7,115)	-	-
Taxes, premiums and expenses paid	(1,787)	(1,899)	-	-
Transfers in	315	245	-	-
Closing balance of defined benefit obligation	286,482	245,554	-	-

	Consolidated		Parent	
	2016	2015	2016	2015
Reconciliation of the fair value of scheme assets:	\$'000	\$'000	\$'000	\$'000
Opening balance of scheme assets	217,109	197,155	-	-
Interest Income	6,297	6,898	-	-
Actual return on scheme assets less Interest Income	(686)	9,891	-	-
Contributions from the employer	5,700	6,912	-	-
Contributions by scheme participants	5,806	5,022	-	-
Benefits paid	(7,371)	(7,115)	-	-
Taxes, premiums and expenses paid	(1,787)	(1,899)	-	-
Transfers in	315	245	-	-
Closing balance of scheme assets	225,383	217,109	-	-

The amount included in the Statement of Financial Position arising from Consolidated Entity's obligations in respect of its defined benefit scheme is as follows:

Present value of defined benefit obligations	286,482	245,554	-	-
Fair value of scheme assets	(225,383)	(217,109)	-	-
Net liability arising from defined benefit obligations	61,099	28,445	-	-

Included in the Statement of Financial Position:

Current provision for employee benefits - defined benefit obligations	14,677	12,145	-	-
Non-current provision for employee benefits - defined benefit	46,422	16,300	-	-
Closing balance of defined benefit obligation	61,099	28,445	-	-

% invested by asset class

	Consolidated		Parent	
	2016	2015	2016	2015
	%	%	%	%
Australian equity	28	25	-	-
International equity	20	18	-	-
Fixed income	35	30	-	-
Property	9	10	-	-
Cash	8	17	-	-
Total	100	100	-	-

In accordance with the revised AASB 119 the discount rate assumption is used to determine interest income and the expected return on assets assumption is no longer used. The actual return on scheme assets was a gain of \$5.611 million (\$16.800 million). Employer contributions of \$5.861 million are expected to be paid to the scheme for the year ending 30 June 2017. Expected employer contributions reflect the current 12.00% of salary contributions.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	% pa	% pa	% pa	% pa
Principal actuarial assumptions used (and expressed as weighted averages):				
Discount rate (Defined benefit cost)	3.1	3.6	-	-
Discount rate (Defined benefit obligation)	2.1	3.1	-	-
Expected rate of salary increase	4.0	3.0	-	-
	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movement in net defined benefit liability				
Net defined benefit liability at start of year	28,445	22,318	-	-
Defined benefit cost	9,665	9,309	-	-
Remeasurements	28,689	3,729	-	-
Employer contributions	(5,700)	(6,911)	-	-
Net defined benefit liability at end of year	61,099	28,445	-	-

Sensitivity analysis

The defined benefit obligation as at 30 June 2016 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

Scenario A: 0.5% p.a. lower discount rate assumption

Scenario B: 0.5% p.a. higher discount rate assumption

Scenario C: 0.5% p.a. lower salary increase rate assumption

Scenario D: 0.5% p.a. higher salary increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
				-0.5% pa	+0.5% pa
		-0.5% pa	+0.5% pa	salary	salary
		discount rate	discount rate	increase rate	increase rate
Discount Rate	2.1%	1.6%	2.6%	2.1%	2.1%
Salary increase rate	4.0%	4.0%	4.0%	3.5%	4.5%
Defined benefit obligation (\$'000)	286,482	297,783	276,008	277,363	296,209

Description of the regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation schemes operate. The SIS regulations require an actuarial valuation to be performed for each defined benefit superannuation scheme every three years, or every year if the scheme pays defined benefit pensions unless an exemption has been obtained.

Description of other entities' responsibilities for the governance of the Scheme

The scheme's trustee is responsible for the governance of the scheme. The trustee has a legal obligation to act solely in the best interests of scheme beneficiaries. The trustee has the following roles:

- administration of the scheme and payment to the beneficiaries from scheme assets when required in accordance with the scheme rules;
- management and investment of the scheme assets; and
- compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation schemes.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Description of risks

There are a number of risks to which the Scheme exposes the employer. The more significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk

The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The scheme assets are invested in the Funds SA Balanced Investment option. The assets are diversified within this investment option and therefore the Scheme has no significant concentration of investment risk.

Funding arrangements

The financing objective adopted at the 30 June 2014 actuarial investigation of the scheme in a report dated 15 May 2015, is to maintain the value of the scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- for defined benefits, the greater of 100% of vested benefits and 100% of the actuarial value of accrued benefits.

In that valuation, it was recommended that the employer contribute to the scheme as follows:

- Defined Benefit members:
 - 12.00% of salary for all defined benefit members until 30 June 2015, then
 - 9.50% of salary for all defined benefit members after 1 July 2015, plus
 - Any additional employer contributions agreed between the employer and a member.
- Accumulation members:
 - 9.50% of ordinary time earnings, plus
 - Any additional employer contributions agreed between the employer and a member.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2016 is nine years.

34 Provisions

	Note	Consolidated		Parent	
		2016	2015	2016	2015
Current		\$'000	\$'000	\$'000	\$'000
Insurance	34.1	16,110	16,055	16,110	16,055
Provision for workers compensation	34.2	38,155	31,844	879	906
Total current provisions		54,265	47,899	16,989	16,961
Non-current					
Insurance	34.1	105,802	83,848	105,802	83,848
Provision for workers compensation	34.2	61,929	64,673	2,216	1,737
Total non-current provisions		167,731	148,521	108,018	85,585
Total provisions		221,996	196,420	125,007	102,546

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

34.1 Reconciliation of insurance

The following table shows the movement of insurance during:

Consolidated

2016	Medical malpractice \$'000	Public liability \$'000	Property \$'000	Total \$'000
Carrying amount at 1 July	97,574	1,198	1,131	99,903
Increase to provision due to new claims	7,331	189	1,302	8,822
Reduction due to payments	(11,658)	(378)	(575)	(12,611)
Net revision of estimates	26,036	442	(680)	25,798
Carrying amount at 30 June	119,283	1,451	1,178	121,912
2015				
Carrying amount at 1 July	85,446	1,442	1,407	88,295
Increase to provision due to new claims	2,030	252	1,340	3,622
Reduction due to payments	(6,156)	(783)	(816)	(7,755)
Net revision of estimates	16,254	287	(800)	15,741
Carrying amount at 30 June	97,574	1,198	1,131	99,903

Parent

2016	Medical malpractice \$'000	Public liability \$'000	Property \$'000	Total \$'000
Carrying amount at 1 July	97,574	1,198	1,131	99,903
Increase to provision due to new claims	7,331	189	1,302	8,822
Reduction due to payments	(11,658)	(378)	(575)	(12,611)
Net revision of estimates	26,036	442	(680)	25,798
Carrying amount at 30 June	119,283	1,451	1,178	121,912
2015				
Carrying amount at 1 July	85,446	1,442	1,407	88,295
Increase to provision due to new claims	2,030	252	1,340	3,622
Reduction due to payments	(6,156)	(783)	(816)	(7,755)
Net revision of estimates	16,254	287	(800)	15,741
Carrying amount at 30 June	97,574	1,198	1,131	99,903

34.2 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at the beginning of the period	96,517	107,132	2,643	1,730
Increase in provisions recognised	18,538	3,162	1,222	1,201
Reductions resulting from re-measurement or settlement without cost	(2,237)	(3,927)	-	-
Reductions arising from payments/other sacrifices of future economic benefits	(12,734)	(9,850)	(770)	(288)
Carrying amount at the end of the period	100,084	96,517	3,095	2,643

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

35 Other liabilities	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Unclaimed monies	1,351	2,194	201	304
Unearned revenue	4,401	2,953	-	-
Residential aged care bonds	61,657	46,402	-	-
Lease incentive	372	314	212	154
Unapplied donations-Charitable Gift Board	-	1,272	-	-
Other	900	545	41	73
Total current other liabilities	68,681	53,680	454	531
Non-current				
Unearned revenue	858	941	-	-
Lease incentive	3,377	3,371	1,750	1,941
Other	692	668	-	-
Total non-current other liabilities	4,927	4,980	1,750	1,941
Total other liabilities	73,608	58,660	2,204	2,472
36 Equity	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contributed capital	1,643,898	1,465,650	1,643,898	1,465,650
Asset revaluation surplus	278,246	311,250	35,401	35,549
Other reserves	8,705	38,298	-	-
Retained earnings	168,952	530,438	(1,497,521)	(1,341,103)
Total equity	2,099,801	2,345,636	181,778	160,096

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.

During 2015-16 it was identified that the SAAS Asset Revaluation Reserve included balances related to superseded communications equipment (\$2.117 million), last revalued in 2001, and Leasehold improvements (\$1.632 million) which have not been revalued since 2009. It is inappropriate to continue to carry these balances forward and therefore these have been shown in Retained Earnings as an error correction in the Annual Financial Statements.

Other reserves include:

Branch Reserves, Country Capital Reserves and Defined Benefit Fund Remeasurement.

Revaluation reserve on available for sale financial assets.

Investment revaluation reserve that was created upon adoption of *AASB132 Financial Instruments: Presentation* and *AASB139 Financial Instruments: Recognition and Measurement* from 1 July 2005 to record unrealised gains or losses on available for sale investments.

37 Financial instruments/financial risk management

37.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and 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 Consolidated Entity is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37.2 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 Note 2.

Refer to Table 37.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Consolidated Entity does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 22 and 31).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 32).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 24).

37.3 Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Entity is unable to meet its financial obligations as they fall due. The Consolidated Entity is funded principally from appropriation by the SA Government. The continued existence of the Consolidated Entity is dependent on State Government policy and on continued funding from DTF for the Consolidated Entity's administration and program delivery. The Consolidated Entity settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Consolidated Entity's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 37.3 represent the Consolidated Entity's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by the Consolidated Entity including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Table 37.3 Categorisation and maturity analysis of financial assets and liabilities

Consolidated						
	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	21, 41	429,591	429,591	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	22	268,405	268,387	-	18	-
Available for sale financial assets						
Other financial assets	24	95,946	89,524	-	6,422	-
Total financial assets		793,942	787,502	-	6,440	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	31	308,691	308,230	-	461	-
Borrowings	32	13,494	733	2,300	10,461	-
Other financial liabilities	35	68,349	63,920	360	2,389	1,680
Finance lease liability	32, 38	30,214	314	4,172	15,923	9,805
Total financial liabilities		420,748	373,197	6,832	29,234	11,485

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	21, 41	495,671	495,671	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	22	226,063	226,063	-	-	-
Available for sale financial assets						
Other financial assets	24	77,076	70,221	-	6,855	-
Total financial assets		798,810	791,955	-	6,855	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	31	285,902	285,601	-	301	-
Borrowings	32	16,062	621	1,948	13,493	-
Other financial liabilities	35	54,766	50,498	229	1,764	2,275
Finance lease liability	32, 38	33,313	993	3,454	15,743	13,123
Total financial liabilities		390,043	337,713	5,631	31,301	15,398

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent						
	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	21, 41	182,274	182,274	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	22	148,554	133,102	3,015	12,403	34
Total financial assets		330,828	315,376	3,015	12,403	34
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	31	162,572	148,341	-	14,231	-
Borrowings	32	13,493	733	2,300	10,460	-
Other financial liabilities	35	2,204	254	200	1,680	70
Total financial liabilities		178,269	149,328	2,500	26,371	70
	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	21, 41	213,025	213,025	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	22	121,146	102,275	2,623	16,009	239
Total financial assets		334,171	315,300	2,623	16,009	239
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	31	167,242	150,470	-	16,772	-
Borrowings	32	16,062	621	1,948	13,493	-
Other financial liabilities	35	2,472	462	69	1,319	622
Total financial liabilities		185,776	151,553	2,017	31,584	622

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).

⁽²⁾ Receivable amount disclosed here excludes prepayments. Prepayments are presented in Note 22 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37.4 Credit risk

Credit risk arises when there is the possibility of the Consolidated Entity's debtors defaulting on their contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity measures credit risk on a fair value basis and monitors risk on a regular basis.

The Consolidated Entity has minimal concentration of credit risk. The Consolidated Entity does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Consolidated Entity.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 22 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 37.4 represents the Consolidated Entity's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 37.4 Ageing analysis of financial assets

Consolidated						
2016	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	429,591	429,591	-	-	-	-
Receivables ⁽¹⁾	268,405	209,299	19,033	11,501	28,572	34,212
Other financial assets	95,946	95,946	-	-	-	-
	793,942	734,836	19,033	11,501	28,572	34,212
2015						
Cash and cash equivalents	495,671	495,671	-	-	-	-
Receivables ⁽¹⁾	226,063	174,822	12,876	9,240	29,125	34,507
Other financial assets	77,076	77,076	-	-	-	-
	798,810	747,569	12,876	9,240	29,125	34,507
Parent						
2016	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	182,274	182,274	-	-	-	-
Receivables ⁽¹⁾	148,554	148,364	27	3	160	421
	330,828	330,638	27	3	160	421
2015						
Cash and cash equivalents	213,025	213,025	-	-	-	-
Receivables ⁽¹⁾	121,146	120,872	135	-	139	383
	334,171	333,897	135	-	139	383

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37.5 Market risk

Market risk for the Consolidated Entity is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. Any exposure to foreign currency risks is managed by SAFA.

38 Unrecognised contractual commitments

38.1 Operating lease revenue commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:				
Within one year	685	1,075	-	-
Later than one year but not longer than five years	2,912	1,924	-	-
Later than five years	506	406	-	-
Total operating lease revenue commitments	4,103	3,405	-	-

The operating lease relates to the property owned by the Consolidated Entity and leased to external parties.

38.2 Operating lease expenditure commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	31,520	32,890	10,974	11,741
Later than one year but not longer than five years	79,231	79,944	36,436	36,684
Later than five years	81,693	91,537	2,572	12,239
Total operating lease commitments	192,444	204,371	49,982	60,664
Representing:				
Cancellable operating leases	9,549	8,518	-	-
Non-cancellable operating leases	182,895	195,853	49,982	60,664
Total operating lease commitments	192,444	204,371	49,982	60,664

The Consolidated Entity has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. The majority of the operating lease arrangements are for the use of properties.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

38.3 Finance lease liabilities commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	8,630	8,413	-	-
Later than one year but not longer than five years	34,522	33,653	-	-
Later than five years	20,317	29,202	-	-
Total finance lease commitments	63,469	71,268	-	-
Less future finance lease charges and contingent rentals	(33,255)	(37,955)	-	-
Total finance lease commitments	30,214	33,313	-	-

Included in finance lease commitments above is \$2.747 million (\$3.029 million) which is the GST component of the finance lease commitments.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
The present value of finance leases payable is as follows:				
Within one year	4,486	4,447	-	-
Later than one year but not longer than five years	15,923	15,743	-	-
Later than five years	9,805	13,123	-	-
Present value of finance leases	30,214	33,313	-	-
Included in the Statement of Financial Position as:				
Current borrowings (Note 32)	3,320	3,099	-	-
Non-current borrowings (Note 32)	26,894	30,214	-	-
Total included in borrowings	30,214	33,313	-	-

The Consolidated Entity has entered into a number of finance leases. These finance leases are for buildings and car parks. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

The lease of the Health Facility to Mt Gambier and Districts Health Service is for 25 years with an option for a 10 year renewal. After 35 years the land and buildings revert to the Department. The lease commenced on 30 June 1997. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.

New Royal Adelaide Hospital (new RAH) financing arrangements

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium (SAHP) to build, operate, maintain and provide non-medical support services for the new Royal Adelaide Hospital (new RAH). Upon completion it will be the largest, most technologically advanced hospital in South Australia and one of the most advanced in Australia. This arrangement is considered to be a Public Private Partnership (PPP).

Construction of the new RAH is expected to be completed in the 2016-17 financial year at a nominal total design and construction cost of \$1.850 billion. Once construction is completed and commercial acceptance has been reached, the Hospital will commence operating the new RAH to provide all core clinical services, staffing, teaching, training and research.

Under the arrangement, SAHP will maintain and provide non-medical support services including facilities management by Spotless and information communication technology (ICT) support and maintenance by Hewlett Packard for the duration of the contract.

At commercial acceptance, the Hospital will record a finance lease to recognise the new RAH as a leased asset and a liability for the amount to be repaid over the lease period. In addition, other commitments associated with the PPP arrangement (e.g. facilities management, ICT) will be recognised at commercial acceptance.

At the conclusion of the contract in 2046, the Hospital will take ownership of the new RAH. SAHP have an obligation to deliver the new RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

An additional amount of \$476,500* million of state works expenditure has been budgeted for by the Hospital in relation to the new RAH and detailed in Note 38.4 below. These works comprise of core clinical equipment, precinct works, project management costs and transition works. A portion of these costs will be capitalised where the costs meet the definition and recognition criteria of an asset. Expenditure from project inception to 30 June 2016 amounted to \$267.669 million, including program office expenses of \$102.185 million, capital works expenditure of \$132.708 million and other costs of \$32.777 million.

* This budgeted amount includes \$1.345 million of the \$36.535 million paid to SAHP in August 2016 for delay costs under a Deed of Settlement and Release executed between the State and SAHP in September 2015.

38.4 Expenditure Commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Capital commitments				
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:				
Within one year	56,838	47,691	-	3,463
Total capital commitments	56,838	47,691	-	3,463

The Consolidated Entity's capital commitments are for plant and equipment ordered but not received and capital works.

Included in capital expenditure commitments above is \$54.858 million (\$42.527 million) which relates directly to new RAH capital expenditure commitments.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenditure commitments				
Within one year	187,099	115,220	67,189	26,722
Later than one year but not longer than five years	95,529	71,692	43,033	42,779
Later than five years	30,860	12,036	-	6,604
Total other commitments	313,488	198,948	110,222	76,105

The Consolidated Entity expenditure commitments are for agreements for goods and services ordered but not received.

Included in other expenditure commitments above is \$52.123 million (\$15.776 million) which relates directly to the new RAH other expenditure commitments.

The Consolidated Entity 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 2016 has not been quantified.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

39 Transferred functions

Transferred in

2015-16

- Following a review of SA Pathology to improve service and business performance, effective 1 July 2015, the Chief Executive of the Department approved the transfer of the Information and Communication Technology function from the Central Adelaide Local Health Network (SA Pathology) to the eHealth Systems division of the Department.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) were transferred to the SA Distribution Centre division of the Department.

	Consolidated	Parent
	2016	2016
	\$'000	\$'000
Assets and liabilities transferred were:		
Other assets	-	565
Total assets	-	565
Payables	-	80
Employee benefits	-	1,201
Total liabilities	-	1,281
Total net assets transferred	-	(716)

2014-15

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Inventory was transferred to the SA Distribution Centre division of the Department in a staged approach impacting the LHNs as outlined below:
 - Effective 4 August 2014 inventory associated with the Country Health SA Local Health Network (Riverland Health Services and South Coast District Hospital), Southern Adelaide Local Health Network (Flinders Medical Centre) and Northern Adelaide Local Health Network (Lyell McEwin Hospital) were transferred;
 - Effective 3 November 2014 inventory associated with the Central Adelaide Local Health Network (Hampstead Rehabilitation Centre, Royal Adelaide Hospital and The Queen Elizabeth Hospital) were transferred;
 - Effective 16 February 2015 inventory associated with the Country Health SA Local Health Network (Port Lincoln Hospital), Southern Adelaide Local Health Network (Noarlunga Health Services and Repatriation General Hospital) and Women's and Children's Health Network (all sites) were transferred; and
 - Effective 25 May 2015 inventory associated with the Central Adelaide Local Health Network (SA Pathology) and Country Health SA Local Health Network (Port Augusta Hospital, Port Pirie Regional Health Service and Whyalla Hospital) were transferred.

	Consolidated	Parent
	2015	2015
	\$'000	\$'000
Assets and liabilities transferred were:		
Other assets	-	4,284
Total assets	-	4,284
Total net assets transferred	-	4,284

Net assets assumed by the Consolidated Entity 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.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Transferred Out

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the LHNs and SAAS.
- Following a review of Departmental functions, effective 10 August 2015 and 30 November 2015, the Chief Executive of the Department approved the transfer of Children's Aboriginal health employees from the Department to the Women's and Children's Health Network.
- Following a review of Departmental functions, effective 30 November 2015, the Chief Executive of the Department approved the transfer of Cervix Screening employees from the Department to the Women's and Children's Health Network.

Assets and liabilities transferred were:	Consolidated 2016 \$'000	Parent 2016 \$'000
Payables	-	453
Employee benefits	-	6,297
Total liabilities	-	6,750
Total net assets transferred	-	(6,750)

2014-15

- As a result of the *Public Sector (Reorganisation of Public Sector Operations) Notice 2014* approved by the Premier in the Government Gazette dated 26 June 2014 the business unit know as Health Industries South Australia was transferred from the Department to the Department of State Development.
- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Assets and liabilities transferred were:	Consolidated 2015 \$'000	Parent 2015 \$'000
Payables	4	274
Employee benefits	53	4,773
Total liabilities	57	5,047
Total net assets transferred	(57)	(5,047)

Net assets transferred by the Consolidated Entity as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

40 Contingent assets and liabilities

The Consolidated Entity is not aware of any contingent assets.

During the past years, the Royal Adelaide Hospital engaged a number of maintenance contractors. These contractors have successfully lodged claims seeking employee entitlements valued at \$0.323 million. These claims were settled during the 2015-16 financial year. Similar claims for a further 2 contractors remain outstanding as at the end of the financial year. The circumstances around each individual claim will determine its success or otherwise and as such it is not possible to reliably measure the value of any contingent liability.

The Consolidated Entity has a lease arrangement in place for the new RAH (refer to Note 38 Unrecognised contractual commitments for details) and is expected to have a leased asset and finance lease obligation to be recognised in the Statement of Financial Position. At this time, the exact timing of this recognition is dependent upon commercial acceptance being reached, which is currently anticipated in the 2016-17 financial year. This is reliant upon strict commercial acceptance criteria being met.

The new RAH project is being delivered under a public-private partnership agreement with SA Health Partnership Nominees Pty Limited (SAHP). The revised commercial acceptance date of 3 July 2016 has now passed, and it is unknown when the actual technical completion and handover will occur.

The agreement with SAHP provides a regime that allows SAHP to submit claims for additional time to complete and associated compensation to an Independent Certifier who assesses each claim on its merits. To date, all such claims assessed by the Independent Certifier have been rejected. Furthermore, various commercial matters are currently being heard in the Supreme Court of South Australia at this point in time.

The hospital is also aware of other potential claims associated with the new RAH project and the final outcome and any associated costs cannot be reliably determined at this time.

The Consolidated Entity and the new RAH developer are currently negotiating the final cost of modifications to furniture, fitting and equipment, State works design development and information and communications technology. Due to the uncertainty around the final amount, it is impractical to recognise a liability at this point in time. The final cost is subject to negotiations, but is expected to be not more than \$1.451 million.

Under the Act, all real property except for property associated with Crown Land of the former country based Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

The current SAAS Enterprise Bargaining Agreement has a preserved date of 1 January 2015 for the effective date of any subsequent agreement to apply. The agreement negotiations are about to commence and any increase will be back dated to 1 January 2015.

Currently the Department leases premises at Camden Park to house the operations of the SA Health Distribution Centre. The lease agreement contains a clause specifying that if the rights of renewal are not exercised a payment is to be made to the landlord towards works undertaken prior to commencement of the lease. \$0.333 million is payable if the right of renewal in 2017 is not exercised, with \$0.166 million due if the 2017 right of renewal is exercised but the 2021 right of renewal is not. The Department is currently considering options for future Distribution Centre accommodation arrangements.

Guarantees

The Consolidated Entity has made no guarantees.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

41 Cash flow reconciliation

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	429,591	495,671	182,274	213,025
Cash as per Statement of Financial Position	429,591	495,671	182,274	213,025
Balance as per Statement of Cash Flows	429,591	495,671	182,274	213,025
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	11,466	174,551	(202,994)	23,849
Revenues from/(payments) to SA Government	(3,076,892)	(3,164,346)	(3,076,892)	(3,164,346)
Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(188,791)	(177,935)	(19,068)	(15,748)
Impairment of non-current assets	(56,118)	-	-	-
Gain/(loss) on sale or disposal of non-current assets	(3,669)	1,225	(176)	8,099
Increments/decrements on revaluation of non-current assets	(6,521)	3,925	-	-
Donated Asset Expense	-	-	(1,416)	-
Assets acquired at no cost or nominal consideration	5,880	2,084	42,277	23,351
Revenue credited directly to investments	3,015	3,860	-	-
Lease incentive - capital fitout	-	606	-	606
Movement in assets/liabilities				
Increase/(Decrease) in receivables	50,815	1,961	40,268	5,234
Increase/(Decrease) in inventories	9,765	4,936	5,270	(2,247)
Increase/(Decrease) in other current assets	(42)	(39)	-	-
(Increase)/Decrease in employee benefits	(136,125)	(54,633)	(8,464)	(585)
(Increase)/Decrease in payables and provisions	(51,257)	(19,624)	(18,565)	(8,095)
(Increase)/Decrease in other liabilities	(14,948)	(8,297)	268	(1,738)
Net cost of providing services	(3,453,422)	(3,231,726)	(3,239,492)	(3,131,620)

42 Interests in other entities

The Consolidated Entity through its control of the LHNs has interests in a number of other entities as detailed below.

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in Medvet. Medvet is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia.

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

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

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

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc.

The HAC have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Joint arrangements

The Consolidated Entity 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%
South Australian Cancer Genome Facility	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Provide cost effective and high quality genomics services and support research into the initiation and progression of, and treatment and genetic determinants for cancer, to provide access to the equipment within the facility.	Adelaide SA	50%

The Consolidated Entity participates in the following joint venture:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Flinders Reproductive Medicine Pty Ltd (as Trustee for Flinders Charitable Trust, trading as Flinders Fertility)	Agreement between Flinders Reproductive Medicine Pty Ltd and Southern Adelaide Local Health Network Incorporated	Provision of equitable and accessible fertility treatment.	Adelaide SA	50%

Flinders Fertility is a private fertility clinic based within Flinders Medical Centre in Bedford Park, South Australia. Flinders Fertility is structured as a private trust which is not a reporting entity and is not publicly listed. The Consolidated Entity and Flinders University each have a 50% beneficial entitlement to the net assets of the trust. Accordingly, the interest is classified as a joint venture with the investment measured using the equity accounting method.

Profit earned during the financial year is distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. It has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business.

The following table summarises the financial information of Flinders Fertility based on currently available information:

	2016	2015
Percentage ownership interest	50%	50%
	\$'000	\$'000
Current assets	5,316	5,109
Non-current assets	1,036	674
Current liabilities	(6,232)	(5,783)
Non-current liabilities	(120)	-
Net assets	-	-
Groups share of net assets (50%)		
Share of beneficial entitlement	2,698	2,294
Carrying amount of interest in joint venture	2,698	2,294
Revenue	5,174	4,535
Expenses	(4,365)	(4,243)
Profit and total comprehensive income	809	292
Entity's share of profit and total comprehensive income (50%)	404	146

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Structured entities

The Consolidated Entity 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.

43 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Consolidated

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
EXPENSES						
5 Employee benefit expenses	11,284	10,562	3,653,879	3,428,298	3,665,163	3,438,860
Salaries and wages	-	-	2,845,449	2,746,956	2,845,449	2,746,956
TVSP	-	-	3,884	5,184	3,884	5,184
Long service leave (LSL)	-	-	162,435	71,847	162,435	71,847
Annual leave	-	-	268,171	255,802	268,171	255,802
Skills and experience retention leave (SERL)	-	-	12,774	11,622	12,774	11,622
Employment on-costs - superannuation	-	-	301,888	297,901	301,888	297,901
Employment on-costs - other	6,343	5,924	41	115	6,384	6,039
Workers compensation	4,941	4,638	44,291	26,762	49,232	31,400
Board and committee fees	-	-	804	846	804	846
Other employee related expenses	-	-	14,142	11,263	14,142	11,263
6 Supplies and services	196,524	193,040	1,503,570	1,420,148	1,700,094	1,613,188
Administration	1,358	1,784	11,737	12,469	13,095	14,253
Advertising	153	32	5,488	5,934	5,641	5,966
Communication	6,656	4,980	18,075	18,743	24,731	23,723
Computing	15,348	15,318	59,919	62,134	75,267	77,452
Contractors	889	1,262	29,763	23,745	30,652	25,007
Contractors - agency staff	394	210	73,568	70,335	73,962	70,545
Consultants	-	-	24,243	14,036	24,243	14,036
Contract of services	150	(65)	104,737	115,338	104,887	115,273
Cost of goods sold	-	-	2,176	2,407	2,176	2,407
Drug supplies	1	87	231,684	184,163	231,685	184,250
Electricity, gas and fuel	129	375	35,585	40,449	35,714	40,824
Fee for service	1,884	1,680	137,525	126,270	139,409	127,950
Finance lease contingent rentals	-	-	2,264	1,937	2,264	1,937
Food supplies	70	91	34,405	34,379	34,475	34,470
Health surveys	-	-	562	363	562	363
Housekeeping	71	84	93,900	92,421	93,971	92,505
Insurance	21,710	21,544	38,121	21,733	59,831	43,277
Interstate patient transfers	-	-	31,183	38,192	31,183	38,192
Legal	3,219	3,126	1,687	597	4,906	3,723
Medical, surgical and laboratory supplies	1,590	512	296,428	283,282	298,018	283,794
Minor equipment	171	344	21,542	26,923	21,713	27,267
Motor vehicle expenses	8,625	9,634	5,055	4,808	13,680	14,442
Occupancy rent and rates	27,191	20,009	25,748	29,051	52,939	49,060
Patient transport	2,850	1,688	24,783	23,012	27,633	24,700
Payments to Shared Services SA	30,685	32,071	-	-	30,685	32,071

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Periodical, journals and publications	65	94	887	1,070	952	1,164
Postage	104	87	13,237	12,849	13,341	12,936
Printing and stationery	21	25	17,955	18,487	17,976	18,512
Rental expense on operating lease	7,416	6,888	1,484	1,138	8,900	8,026
Repairs and maintenance	59,741	62,304	33,773	34,958	93,514	97,262
Security	836	1,059	23,304	22,270	24,140	23,329
Staff training and development	343	476	34,972	33,425	35,315	33,901
Staff travel expenses	27	26	20,681	20,253	20,708	20,279
Waste removal	6	13	4,562	3,440	4,568	3,453
Other supplies and services	4,821	7,302	42,537	39,537	47,358	46,839
7 Depreciation and amortisation expense	-	-	188,791	177,935	188,791	177,935
Buildings and improvements	-	-	102,383	105,993	102,383	105,993
Site improvements	-	-	12,524	4,749	12,524	4,749
Computing equipment	-	-	4,135	5,160	4,135	5,160
Medical, surgical, dental and biomedical equipment	-	-	35,730	33,218	35,730	33,218
Motor vehicles	-	-	5,830	5,409	5,830	5,409
Power generation and transmission	-	-	492	601	492	601
Other plant and equipment	-	-	2,755	2,747	2,755	2,747
Buildings and improvements under finance lease	-	-	2,910	2,921	2,910	2,921
Leasehold improvements	-	-	4,067	2,984	4,067	2,984
Plant and equipment under finance lease	-	-	48	55	48	55
Intangible assets	-	-	17,917	14,098	17,917	14,098
8 Grants and subsidies	4,801	4,989	51,498	50,325	56,299	55,314
Recurrent grants	55	131	2	75	57	206
Subsidies	-	-	5,243	5,051	5,243	5,051
Funding to non-government organisations	-	-	46,211	44,845	46,211	44,845
Other	4,746	4,858	42	354	4,788	5,212
9 Borrowing costs	1,325	1,551	2,052	2,410	3,377	3,961
Finance charges on finance leases	-	-	2,052	2,410	2,052	2,410
Interest on borrowings	1,303	1,516	-	-	1,303	1,516
Other finance charges	22	35	-	-	22	35
16 Net loss from disposal of non-current and other assets	208	-	3,461	-	3,669	-
Total proceeds from disposal	-	-	(7,664)	-	(7,664)	-
Less total value of assets disposed	-	-	10,979	-	10,979	-
Less other costs of disposal	208	-	146	-	354	-
10 Other expenses	62,773	4,629	93,871	87,549	156,644	92,178
Bad and doubtful debts	-	-	18,500	19,906	18,500	19,906
Bank fees and charges	2	-	301	412	303	412
Deed of Settlement	-	-	36,535	-	36,535	-
Donated assets expense	1,416	-	-	9	1,416	9
Donated drug vaccine expense	-	-	22,852	22,779	22,852	22,779
Ex gratia payments	-	-	-	1	-	1
Impairment expense	56,118	-	-	-	56,118	-
Net loss on revaluation of shares	-	-	5,263	1,402	5,263	1,402
Net loss on sale of investments	-	-	29	-	29	-
Royalty payments	3,735	3,502	6,813	6,172	10,548	9,674
Soil remediation expenses	-	-	-	20,000	-	20,000
Write-off of inventory	-	-	-	1	-	1
Other (excluding audit fees)	1,502	1,127	3,578	16,867	5,080	17,994

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
11 Auditor's remuneration	2,933	2,379	238	230	3,171	2,609
Auditor fees - auditing financial statements	2,800	2,379	177	174	2,977	2,553
Auditor fees - other services	133	-	61	56	194	56
TOTAL EXPENSES	279,848	217,150	5,497,360	5,166,895	5,777,208	5,384,045
INCOME						
12 Revenue from fees and charges	10,447	13,400	563,250	548,359	573,697	561,759
Ambulance Cover	-	-	24,440	23,752	24,440	23,752
Ambulance transport	5,654	5,576	64,433	57,352	70,087	62,928
Business services	-	-	652	698	652	698
Call Direct	-	-	1,177	1,309	1,177	1,309
Fines, fees and penalties	-	-	1,252	1,317	1,252	1,317
Interstate patient transfers	-	-	72,003	69,138	72,003	69,138
Insurance recoveries	-	116	363	423	363	539
Patient and client fees	1,011	1,169	244,988	235,592	245,999	236,761
Private practice fees	-	-	42,447	43,778	42,447	43,778
Recoveries	1,909	5,023	35,799	36,654	37,708	41,677
Residential and other aged care	-	-	27,817	27,255	27,817	27,255
Sale of goods - medical supplies	99	84	2,451	2,271	2,550	2,355
Other user charges and fees	1,774	1,432	45,428	48,820	47,202	50,252
13 Grants and contributions	37,168	24,912	1,618,977	1,477,161	1,656,145	1,502,073
Commonwealth aged care subsidies	-	-	74,155	70,092	74,155	70,092
Pharmaceutical benefits scheme	-	-	164,233	119,554	164,233	119,554
Commonwealth subsidy	-	-	-	-	-	-
Commonwealth national health reform agreement funding	-	-	1,211,618	1,113,155	1,211,618	1,113,155
Department of Veteran's Affairs	-	-	52,200	53,435	52,200	53,435
Transition care program	-	-	22,803	23,480	22,803	23,480
Other	-	-	62,118	66,839	62,118	66,839
Community development fund	7,000	7,144	-	-	7,000	7,144
Capital contributions	11,455	-	-	-	11,455	-
Other grants and contributions from SA Government agencies	18,713	17,768	-	-	18,713	17,768
Private sector capital contributions	-	-	873	424	873	424
Private sector grants and contributions	-	-	30,977	30,182	30,977	30,182
14 Interest revenue	2,335	2,835	6,503	7,859	8,838	10,694
Interest from SAFA	28	1,342	-	-	28	1,342
Bank interest	-	-	6,484	7,859	6,484	7,859
Interest on Special Purpose Funds (SPF)	2,307	1,489	-	-	2,307	1,489
Other	-	4	19	-	19	4
15 Resources received free of charge	-	-	23,825	10,589	23,825	10,589
Buildings	-	-	216	1,180	216	1,180
Inventory	-	-	17,945	8,505	17,945	8,505
Land and improvements	-	-	-	380	-	380
Plant and equipment	-	-	5,664	524	5,664	524
16 Net gain/(loss) from disposal of non-current and other assets	-	(96)	-	1,321	-	1,225
Total proceeds from disposal	-	-	-	35,254	-	35,254
Less total value of assets disposed	-	-	-	(33,719)	-	(33,719)
Less other costs of disposal	-	(96)	-	(214)	-	(310)

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
17 Other revenue	4,629	4,546	56,652	55,623	61,281	60,169
Commissions revenue	5	13	140	125	145	138
Dividend revenue	-	-	215	152	215	152
Royalty income	-	-	15,898	14,667	15,898	14,667
Gain on revaluation of investment property	-	-	102	-	102	-
Training revenue	123	95	819	1,299	942	1,394
Donations received	-	-	11,214	10,005	11,214	10,005
Other	4,501	4,438	28,264	29,375	32,765	33,813
18 Other income	-	-	-	5,810	-	5,810
Reversal of prior period revaluation decrement - Buildings and improvements	-	-	-	5,810	-	5,810
19 Revenue from SA Government	3,076,892	3,164,346	-	-	3,076,892	3,164,346
Contingency funds from Department of Treasury and Finance	69,571	6,693	-	-	69,571	6,693
TVSP recovery funds from Department of Treasury and Finance	-	3,014	-	-	-	3,014
Appropriations from Consolidated Account pursuant to the Appropriation Act	3,006,316	3,064,307	-	-	3,006,316	3,064,307
Return of surplus cash pursuant to cash alignment policy	(43,636)	-	-	-	(43,636)	-
Commonwealth grants received via Treasury	44,641	117,309	-	-	44,641	117,309
Other payments to the Consolidated Account	-	(26,977)	-	-	-	(26,977)
TOTAL INCOME	3,131,471	3,209,943	2,269,207	2,106,722	5,400,678	5,316,665
FINANCIAL ASSETS						
21 Cash and cash equivalents	258,315	358,225	171,276	137,446	429,591	495,671
Cash at bank or on hand - non-government financial institutions	-	-	170,883	137,003	170,883	137,003
Deposits with Treasurer	258,315	358,225	-	-	258,315	358,225
Imprest account/cash on hand	-	-	393	443	393	443
22 Receivables	2,606	4,610	312,983	260,164	315,589	264,774
Patient/client fees						
Compensable	-	-	16,325	18,706	16,325	18,706
Aged care	-	-	5,285	6,048	5,285	6,048
Other	236	-	53,726	44,115	53,962	44,115
Grants	-	-	64	-	64	-
Interstate patient transfers	-	-	112,618	95,640	112,618	95,640
Dividends receivable	-	-	15	17	15	17
Interest income receivable	2	2	703	559	705	561
Loans	-	-	288	-	288	-
Prepayments	3	144	21,250	17,799	21,253	17,943
Debtors	2,269	4,325	74,335	54,882	76,604	59,207
Less: allowance for doubtful debts	-	-	(34,212)	(34,507)	(34,212)	(34,507)
Sundry receivables and accrued revenue	96	139	37,494	36,883	37,590	37,022
GST recoverable	-	-	25,092	20,022	25,092	20,022
24 Other financial assets	1,253	1,225	94,693	75,851	95,946	77,076
Finance institutions	-	-	84,556	61,569	84,556	61,569
SA Government Financing Authority	1,253	1,225	-	-	1,253	1,225
Other investments	-	-	10,137	14,282	10,137	14,282
TOTAL FINANCIAL ASSETS	262,174	364,060	578,952	473,461	841,126	837,521

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES						
31 Payables	49,319	33,770	339,433	325,188	388,752	358,958
Creditors and accrued expenses	46,979	31,964	186,186	172,320	233,165	204,284
Paid Parental Leave Scheme payable	-	-	467	658	467	658
Interstate patient transfers	-	-	73,175	78,589	73,175	78,589
Employment on-costs	1,975	1,739	74,789	68,092	76,764	69,831
Other payables	365	67	4,816	5,529	5,181	5,596
32 Borrowings	13,494	16,062	30,214	33,313	43,708	49,375
Loans	13,494	16,062	-	-	13,494	16,062
Finance lease	-	-	30,214	33,313	30,214	33,313
35 Other liabilities	2,003	2,097	71,605	56,563	73,608	58,660
Unclaimed monies	-	-	1,351	2,194	1,351	2,194
Unearned revenue	41	-	5,218	3,894	5,259	3,894
Residential aged care bonds	-	-	61,657	46,402	61,657	46,402
Lease incentive	1,962	2,095	1,787	1,590	3,749	3,685
Unapplied donations-Charitable Gift Board	-	-	-	1,272	-	1,272
Other	-	2	1,592	1,211	1,592	1,213
TOTAL FINANCIAL LIABILITIES	64,816	51,929	441,252	415,064	506,068	466,993

Parent

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
5 Employee benefit expenses	11,092	10,405	184,436	201,117	195,528	211,522
Salaries and wages	-	-	132,027	151,685	132,027	151,685
TVSP	-	-	1,991	765	1,991	765
Long service leave (LSL)	-	-	9,303	3,982	9,303	3,982
Annual leave	-	-	11,579	12,653	11,579	12,653
Skills and experience retention leave (SERL)	-	-	669	808	669	808
Employment on-costs - superannuation	-	-	16,165	19,570	16,165	19,570
Employment on-costs - other	6,104	5,805	41	4	6,145	5,809
Workers compensation	4,908	4,600	1,788	1,831	6,696	6,431
Board and committee fees	-	-	263	335	263	335
Other employee related expenses	80	-	10,610	9,484	10,690	9,484

THE DEPARTMENT FOR HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 Supplies and services	70,410	66,943	421,783	377,243	492,193	444,186
Administration	575	205	1,487	1,817	2,062	2,022
Advertising	28	8	2,318	2,597	2,346	2,605
Communication	4,002	2,684	9,312	10,130	13,314	12,814
Computing	15,277	14,976	51,050	53,812	66,327	68,788
Contractors	251	400	8,616	5,925	8,867	6,325
Contractors - agency staff	7,488	5,631	14,279	12,015	21,767	17,646
Consultants	-	-	21,093	11,314	21,093	11,314
Contract of services	150	92	104,406	115,061	104,556	115,153
Cost of goods sold	-	-	95,586	76,547	95,586	76,547
Drug supplies	-	31	1,155	935	1,155	966
Electricity, gas and fuel	4	139	112	16	116	155
Fee for service	-	-	1	5	1	5
Finance lease contingent rentals	-	-	-	1	-	1
Food supplies	14	15	76	35	90	50
Health surveys	-	-	525	345	525	345
Housekeeping	29	1	73	67	102	68
Insurance	22,061	22,039	35,658	19,507	57,719	41,546
Interstate patient transfers	-	-	31,171	38,189	31,171	38,189
Legal	2,483	2,631	1,018	176	3,501	2,807
Medical, surgical and laboratory supplies	-	4	129	52	129	56
Minor equipment	(17)	40	7,791	6,802	7,774	6,842
Motor vehicle expenses	692	834	135	136	827	970
Occupancy rent and rates	13,490	12,877	1,526	2,851	15,016	15,728
Patient transport	-	-	12	6	12	6
Payments to Shared Services SA	1,988	2,474	-	-	1,988	2,474
Periodical, journals and publications	1	17	77	109	78	126
Postage	4	11	2,339	2,504	2,343	2,515
Printing and stationery	22	44	1,484	2,209	1,506	2,253
Private medical services expenses	-	-	-	-	-	-
Rental expense on operating lease	42	1	235	217	277	218
Repairs and maintenance	501	689	20,455	4,496	20,956	5,185
Security	396	372	169	557	565	929
Staff training and development	279	386	2,894	3,003	3,173	3,389
Staff travel expenses	5	35	1,220	1,555	1,225	1,590
Waste removal	-	-	15	7	15	7
Other supplies and services	645	307	5,366	4,245	6,011	4,552
7 Depreciation and amortisation expense	-	-	19,068	15,748	19,068	15,748
Buildings and improvements	-	-	60	82	60	82
Site improvements	-	-	2	-	2	-
Computing equipment	-	-	3,838	4,532	3,838	4,532
Other plant and equipment	-	-	75	82	75	82
Leasehold improvements	-	-	734	468	734	468
Intangible assets	-	-	14,359	10,584	14,359	10,584
8 Grants and subsidies	4,193,272	3,990,295	19,952	19,976	4,213,224	4,010,271
Recurrent funding to incorporated Health Services	3,918,809	3,815,279	-	-	3,918,809	3,815,279
Capital funding to incorporated Health Services	268,928	170,377	-	-	268,928	170,377

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Subsidies	712	-	4,849	4,327	5,561	4,327
Funding to non-government organisations	-	-	15,103	15,649	15,103	15,649
Other	4,823	4,639	-	-	4,823	4,639
9 Borrowing costs	1,325	1,551	-	-	1,325	1,551
Finance charges on finance leases	-	-	-	-	-	-
Interest on borrowings	1,303	1,516	-	-	1,303	1,516
Other finance charges	22	35	-	-	22	35
16 Net loss from disposal of non-current and other assets	208	-	(32)	-	176	-
Total proceeds from disposal	-	-	(6,932)	-	(6,932)	-
Less total value of assets disposed	-	-	6,818	-	6,818	-
Less other costs of disposal	208	-	82	-	290	-
10 Other expenses	2,892	1,730	25,239	26,188	28,131	27,918
Bad and doubtful debts	-	-	42	107	42	107
Bank fees and charges	-	-	75	61	75	61
Donated assets expense	1,416	-	-	5	1,416	5
Donated drug vaccine expense	-	-	22,852	22,779	22,852	22,779
Ex gratia payments	-	-	-	1	-	1
Other (excluding audit fees)	1,476	1,730	2,270	3,235	3,746	4,965
11 Auditor's remuneration	1,137	513	-	-	1,137	513
Auditor fees - auditing financial statements	1,004	513	-	-	1,004	513
Auditor fees - other services	133	-	-	-	133	-
TOTAL EXPENSES	4,280,336	4,071,437	670,446	640,272	4,950,782	4,711,709
INCOME						
12 Revenue from fees and charges	242,027	237,825	76,815	74,796	318,842	312,621
Business services	-	-	652	698	652	698
Fines, fees and penalties	11	11	1,002	1,042	1,013	1,053
Interstate patient transfers	-	-	72,001	69,135	72,001	69,135
Insurance recoveries	-	-	363	292	363	292
Insurance recoveries from health services	32,142	31,410	-	-	32,142	31,410
Private practice fees	1,973	2,140	63	120	2,036	2,260
Recoveries	112,117	127,673	1,265	2,202	113,382	129,875
Sale of goods - medical supplies	95,655	76,540	-	1	95,655	76,541
Other user charges and fees	129	51	1,469	1,306	1,598	1,357
13 Grants and contributions	19,088	7,745	1,304,881	1,208,667	1,323,969	1,216,412
Commonwealth national health reform agreement funding	-	-	1,211,618	1,113,155	1,211,618	1,113,155
Department of Veteran's Affairs	-	-	52,200	53,435	52,200	53,435
Transition care program	-	-	22,803	23,480	22,803	23,480
Other	-	-	16,047	15,901	16,047	15,901
Community development fund	7,000	7,000	-	-	7,000	7,000
Capital contributions	11,455	-	-	-	11,455	-
Other grants and contributions from SA Government agencies	633	745	-	-	633	745
Private sector grants and contributions	-	-	2,213	2,696	2,213	2,696

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
14 Interest revenue	1,426	1,695	3,635	3,869	5,061	5,564
Interest on loans	1,426	1,691	-	-	1,426	1,691
Bank interest	-	-	3,616	3,869	3,616	3,869
Other	-	4	19	-	19	4
15 Resources received free of charge	42,277	23,104	17,945	8,752	60,222	31,856
Buildings	7,099	13,016	-	-	7,099	13,016
Inventory	-	-	17,945	8,505	17,945	8,505
Land and improvements	35,178	10,088	-	220	35,178	10,308
Plant and equipment	-	-	-	27	-	27
16 Net gain/(loss) from disposal of non-current and other assets	-	(96)	-	8,195	-	8,099
Total proceeds from disposal	-	-	-	34,569	-	34,569
Less total value of assets disposed	-	-	-	(26,240)	-	(26,240)
Less other costs of disposal	-	(96)	-	(134)	-	(230)
17 Other revenue	1,899	4,822	1,297	715	3,196	5,537
Commissions revenue	5	13	15	13	20	26
Training revenue	-	1	246	246	246	247
Other	1,894	4,808	1,036	456	2,930	5,264
19 Revenue from SA Government	3,076,892	3,164,346	-	-	3,076,892	3,164,346
Contingency funds from Department of Treasury and Finance	69,571	9,150	-	-	69,571	9,150
TVSP recovery funds from Department of Treasury and Finance	-	557	-	-	-	557
Appropriations from Consolidated Account pursuant to the Appropriation Act	3,006,316	3,064,307	-	-	3,006,316	3,064,307
Return of surplus cash pursuant to cash alignment policy	(43,636)	-	-	-	(43,636)	-
Commonwealth grants received via Treasury	44,641	117,309	-	-	44,641	117,309
Other payments to the Consolidated Account	-	(26,977)	-	-	-	(26,977)
TOTAL INCOME	3,383,609	3,439,441	1,404,573	1,304,994	4,788,182	4,744,435
FINANCIAL ASSETS						
21 Cash and cash equivalents	62,017	158,066	120,257	54,959	182,274	213,025
Cash at bank or on hand - non-government financial institutions	-	-	120,249	54,951	120,249	54,951
Deposits with Treasurer	62,017	158,066	-	-	62,017	158,066
Imprest account/cash on hand	-	-	8	8	8	8
22 Receivables	16,722	19,421	163,167	122,882	179,889	142,303
Interstate patient transfers	-	-	112,618	95,640	112,618	95,640
Interest income receivable	300	-	-	-	300	-
Loans	16,248	18,930	-	-	16,248	18,930
Prepayments	-	-	12,139	9,411	12,139	9,411
Debtors	97	245	19,329	5,734	19,426	5,979
Less: allowance for doubtful debts	-	-	(421)	(383)	(421)	(383)
Sundry receivables and accrued revenue	77	246	324	757	401	1,003
GST recoverable	-	-	19,178	11,723	19,178	11,723
24 Other financial assets	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	78,739	177,487	283,424	177,841	362,163	355,328

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES						
31 Payables	65,835	42,692	102,878	130,290	168,713	172,982
Creditors and accrued expenses	30,509	13,728	26,399	48,232	56,908	61,960
Paid Parental Leave Scheme payable	-	-	11	10	11	10
Health service workers compensation	33,351	27,225	-	-	33,351	27,225
Interstate patient transfers	-	-	73,175	78,589	73,175	78,589
Employment on-costs	1,975	1,739	3,293	3,459	5,268	5,198
32 Borrowings	13,493	16,062	-	-	13,493	16,062
Bank overdraft	-	-	-	-	-	-
Loans	13,493	16,062	-	-	13,493	16,062
35 Other liabilities	1,962	2,095	242	377	2,204	2,472
Unclaimed monies	-	-	201	304	201	304
Lease incentive	1,962	2,095	-	-	1,962	2,095
Other	-	-	41	73	41	73
TOTAL FINANCIAL LIABILITIES	81,290	60,849	103,120	130,667	184,410	191,516

44 Budgetary reporting and explanations of major variances between budget and actual amounts

Explanations are only required for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses. To provide greater insight into the variances some comments have been provided.

Consolidated

	Original Budget ¹		Actual	Variance
	2016	2016	2016	
	\$'000	\$'000	\$'000	\$'000
Statement of Comprehensive Income				
Expenses				
Employee benefit expenses	(a) 3,367,478	3,665,163	(297,685)	
Supplies and services	1,616,425	1,700,094	(83,669)	
Depreciation and amortisation expense	185,913	188,791	(2,878)	
Grants and subsidies	54,978	56,299	(1,321)	
Borrowing costs	8,285	3,377	4,908	
Net loss from disposal of non-current assets and other assets	1,669	3,669	(2,000)	
Other expenses	(b) 60,408	159,815	(99,407)	
Total expenses	5,295,156	5,777,208	(482,052)	
Income				
Revenues from fees and charges	546,277	573,697	27,420	
Grants and contributions	1,612,014	1,656,145	44,131	
Interest revenue	8,923	8,838	(85)	
Resources received free of charge	10,450	23,825	13,375	
Other revenue	51,784	61,281	9,497	
Total income	2,229,448	2,323,786	94,338	
Net cost of providing services	3,065,708	3,453,422	(387,714)	
Revenues from SA Government				
Revenues from SA Government	3,006,316	3,120,528	114,212	
Payments to SA Government	-	43,636	(43,636)	
Total revenues from SA Government	3,006,316	3,076,892	70,576	
Net result	(59,392)	(376,530)	(317,138)	

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Original Budget¹	Actual	Variance
	2016	2016	
	\$'000	\$'000	\$'000
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	-	(17,960)	(17,960)
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains/(losses) recognised directly in equity	-	(29,593)	(29,593)
Total other comprehensive income	-	(47,553)	(47,553)
Total comprehensive result	(59,392)	(424,083)	(364,691)

¹The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- (a) The unfavourable employee benefit expenditure compared to the original budget is largely due to the non-achievement of full time equivalent reductions inherent in the original budget, the impacts of revaluation of leave and expenditure associated with EPAS and the new Royal Adelaide Hospital programs. As approved and published in the 2016-17 State Budget papers a net increase in expenditure budget and appropriation was provided, resulting in additional supplementation of \$144.400 million for 2015-16 and \$526.800 million for the next 4 years, (of which the majority of this funding related to employee benefit expenditure). This additional funding approved as part of the 2016-17 State Budget will enable the Consolidated Entity to continue with its major reforms, including Transforming Health, the transition to the new Royal Adelaide Hospital (new RAH) and significant Information Communications Technology programs. Additional budget approval was also granted as part of the mid year budget review (MYBR) of \$20.000 million for the Enterprise Patient Administration System (EPAS) for the new RAH and \$82.000 million for the revaluation of annual leave, long service leave and retention leave.
- (b) The overspend to original budget for other expenses relates mainly to non cash items including; \$35.000 million for revaluation of insurance provisions and \$56.000 million for asset impairments.

	Original Budget¹	Actual	Variance
	2016	2016	
	\$'000	\$'000	\$'000
Investing expenditure summary			
Total new projects	75,571	51,768	23,803
Total existing projects	259,840	147,300	112,540
Total annual programs	46,685	40,515	6,170
Total investing expenditure	(c) 382,096	239,583	142,513

- (c) The underspend to original budget for Investing expenditure mainly relates to \$121.400 million reduction due to delays in completing specific projects or changes in the delivery approach. This includes \$83.300 million for new RAH - site works; \$17.300 million in Transforming Health projects; \$35.700 million for various LHNs and SAAS projects and \$20.300 million transfer to operating expenses not deemed to be capital.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

45 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Acute and Aged Care Taskforce - the Department

Altschwager J*	Graham R*	Moy C
Bainger L	Grantham H Associate Prof*	Seiboth C*
Barkla C	Hales K*	Swetenham K*
Bartholomaeus L*	Hughes G Prof*	Walters J*
Carberry P	Ibrahim F Dr*	Whitehead C Associate Prof* (Chair)
Dean L*	Jarrad S	Wright C*
Forward J*	McKinnon M*	

Acute Coronary Syndrome - Chest Pain Expert Work Group - the Department
(this is a new committee and all members were appointed on 07/09/2015)

Arstall M*	Elliott R*	O'Kane K*
Blyth A*	Farrelly R	O'Shea S*
Chapple A*	Goldsworthy S*	Papendick C*
Chew D* (Co-Chair)	Grantham H	Vhapman P*
Clark R	Kucia A*	Wilksch C*
Driscoll K*	Lymn L*	Wright D*
Drummond C*	May N*	Zeitz C* (Co-Chair)
Dunn B*	Murray A*	
Earl D*	Nelson A*	

After Hours Senior Clinical Cover Expert Work Group - the Department
(this is a new committee and all members were appointed on 01/08/2015)

Allcock P*	Goldsworthy S*	Sampson B*
Bierer P* (Co-Chair)	Heuzendroeder L*	Scroggs S*
Britton A*	Jenkins S* (Co-Chair)	Shetty P*
Clark S*	Jersmann H*	Stevens H*
Cross N*	Keats F*	Tan C*
Deane A*	Lewington D*	Tomkins J*
Eaton T*	McClure A*	White M*
Faunt J*	McInerney J*	Whiteway L
Fawcett T*	Palmer L*	Wishart P*
Flabouris A*	Patel A*	
Gabb G*	Ross A	

Allied Health 7 Day Cover Expert Work Group - the Department
(this is a new committee and all members were appointed on 06/10/2015)

Adams-Leask K* (Chair)	Kroon T*	Priest M*
Brennan A*	Lonergan A*	Richter M*
Calvert P*	Loughry C*	Roberts J*
Campbell K*	Maglaras A*	Satanek M*
Cheetham C*	McCallum M*	Simpson B*
Davies O*	McCarthy M*	Simpson J*
Falleti A*	McDowall K*	Simpson K*
Francis B*	Mills E*	Sorich M*
Galindo H*	Munro P*	Tedesco H*
Hewitt T*	Murray A*	White C*
Jolly M*	Nimmo L*	Whiteway L
Keller N*	Parr S*	Wood K*
Kelly P*	Pereira M*	Zoerner A*

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Audit and Risk Committee - Women's and Children's Health Network Incorporated

Connor G (Chair)	McFarlane A	Sweet C
Dwyer N *	Sutherland A Dr (resigned 17/12/2015)	Wigg N Dr (appointed 31/5/2016)

Carer Reference Group - the Department

Braund S	Mason P	Weinert K
Cordon A*	Sharp T	Woodforde L*
Cousins M	Springgay M	
Hardy J	Tsogas C	

Central Adelaide Local Health Network Consumer Advisory Council

Chester M	Heydrich S	Nagel L
Cocking M	Marshall J (appointed 21/07/2015)	O'Keefe K
Cousins M	McMahon J	Sansbury T (appointed 20/10/2015)
Curry M	Meakins V *	Tsogas C (appointed 21/07/2015)
Fyfe D (Chair)	Moraw I (appointed 21/07/2015)	Williams M

Central Adelaide Local Health Network LHN Advisory Council

Beilby J	Ellery B	Miller S
Deegan V	Evans T (Presiding Member)	Zeitz C *
Dimonte R	Fyfe D	

Central Adelaide Local Health Network Risk Management & Audit Committee

Deegan V (Chair)	Ellery B	May E
------------------	----------	-------

Central Adelaide Rehabilitation Services (CARS) Consumer Advocacy Group

Arkley G	Fyfe D (appointed 02/12/2015)	Machen V
Bedford L	Heydrich S (Chair)	Whiteway L
Chester M	Honeychurch P	

Chronic Pain Steering Committee - the Department

Briscoe P*	Lang K*	Stokes M*
Brydon L	Lee D*	Wagner C*
Burgoyne L*	McDonald J*	Webster B*
Cowan L* (Chair)	Montanaro P	Whiteway L
Goodes L*	Phillips P*	Wing M
Horne S* (Chair)	Semple T*	Zesers C*
Jenkins S*	Slattery P*	

Consumer Administration Liaison Meeting (CALM) - Southern Adelaide Local Health Network

Ball J *	Mannion J * (resigned 21/06/2016)	Strachan J
Bower T (resigned 01/07/2015)	Morrison T	Tapley D
Buer S	Rootsey L *	Wooden M
Dal Bello C	Salmon J *	Wright D

Consumer Reference Group - the Department

Buer S	Hofhuis C	O'Keefe K
Cutler J	Law D	O'Neil S
Ellis J*	Nowak H	Pope M

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Controlled Substances Advisory Council - the Department

Banner L	Harvey P*	Reeve M
Bernardo J*	Kennewell B*	Reynolds C
Briscoe P*	Morris S*	Semple T*
Cormack S* (Chair)	Ng D	Smith J
Edenborough S*	Nicholls J	Ward C*
Gillett-Ferguson J	Osborn T*	White J
Goode M*	Painter B*	

Country Health SA Local Health Network Health Advisory Council Inc (Governing Council)

Blacker P (Presiding Member)	Healy R	Sam G
Evans L (appointed 01/09/2015)	Newbury J (ceased 25/02/2016)	Sparkes D
Gregurke K		

Country Health SA Risk Management and Audit Committee

Drew J	Stubbs T Dr (Chair)
Martin M	Wilson R Dr

Department for Health and Ageing Risk Management and Audit Committee - the Department

Daw S (appointed 18/03/2016)	Haslam R	Swan D* (appointed 18/03/2016)
Dunsford C (Chair)	Marshall V Prof**	Walters G (resigned 20/01/2016)

Eastern Lived Experience Liaison Group

Angeli J	Judith B	Pickering A
Baldock M	Langdon M	Powell A (appointed 01/02/2016)
Brown J	Lloyd C (appointed 01/02/2016)	Schmidt R
Burdett S	Lucas G (appointed 01/02/2016)	Sinclair M
Coulls J	Metcalfe P	Sorenson M
Cutler J	O'Brien E	Tsogas C
Diamond T	O'Keefe K (Chair)	Whiteway L
Doherty L	Parkin M (appointed 01/02/2016)	

Eastern Section Management Committee

Brown J	O'Keefe K (Chair)
---------	-------------------

End of Life Ministerial Advisory Committee - the Department

Booksbank M*	Brown M	Moore J*
Boundy C*	Evans M (Chair)	Whitehead C*

Finance Committee - SAAS

Barker J *	Cox R *	Merrett B* (appointed 13/04/2016)
Cameron S *	Driscoll K *	Woolcock J * (resigned 11/11/2015)
Chalmers H	McMillan Hall D * (Chair)	

Hampstead Rehabilitation Centre Brain Injury Rehabilitation Services Consultative Advisory Panel

Angel D	Dwyer A (appointed 01/04/2016)	Horan A
Bedford E	Furda J	Kaschimbus M (Chair)
Bunning A	Fyfe D	Morgan T
Canavan D	Heydrich S (appointed 01/04/2016)	Sleeman K

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Health Performance Council - the Department

Callaghan R	Hartwig B	Roder D
Duckett S	Jackson Pulver L	Tully S* (Chair) (appointed 29/05/2016)
Dunn A (Chair) (resigned 28/05/2016)	Patetsos M	

Marshall Review - the Department

(this is a new committee and all members were appointed on 01/11/2015)

Carrington C	Lindeman R	Marshall V Prof** (Chair)
Kerrins E	Marker J	Newman E

Medvet Board

Burfield T* (appointed 20/01/2016)	Gardner P (resigned 02/02/2016)	Kowalick I (appointed 20/01/2016)
DiMonte R (resigned 01/02/2016)	Johansen G* (Chair)	Short R Prof (resigned 02/08/2015)
Evans T (resigned 28/01/2016)	Koehler A Dr* (resigned 25/01/2016)	

Northern Adelaide Local Health Network Consumer Advisory Council

Davidson F	Mickan K	Putsey P
Davies I	Mossop J	Richards S *
Green L	Muller D *	Thompson M
Hicks R	Owen V *	Turner M
Isemonger J	Patching A	Whatley G
Lowden H	Pearks N *	White A (Chair)

Northern Adelaide Local Health Network Governing Council

Dolejs W *	Isemonger J	Vlachoulis N
Durrant M	Jenkins S*	Wilson B
Hains S (Chair)	Lampard F	
Hanson J *	Smith J	

Northern Adelaide Local Health Network Outpatient Department Steering Committee

Beare C *	Maddison J Dr *	Puvogel K *
Goodson S Dr	McKenna C *	Richards S *
Heffernan D *	McMullen S *	Saunders H *
Hobbs M *	Mullen P *	Thomas R Dr *
Jaavuo S *	Nowland L *	Thorburn C * (Acting)
Jasoria V Dr	Owen V * (Chair)	Thornton K * (Acting)
Klassmann L *	Parr S *	Towers K *
MacIsaac P Dr * (Acting)	Pretorius E Dr * (Acting)	

Northern Adelaide Local Health Network Risk Management & Audit Committee

Hains S (Chair)	Penn G*
McGowan C	Smith J

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Northern Resident Transfer Clinical Working Group - the Department
(this is a new committee and all members were appointed on 15/09/2015)

Bardy P*	Keefe D* (Chair)	Pretorius E*
Behrens D*	Lavender A*	Rogowski D*
Davies I*	Leigh B*	Russ G*
Fraser K*	Maddern G*	Saunders H*
Guha M*	Maddison J*	Singh R*
Heffernan D*	McEwan T*	Taylor K*
Hodby C*	McInnes M*	Tonkin J*
Hughes G*	McMullen S*	Vlachoulis N
Isemonger J*	Meyer H*	Wood J*
Jenkins S*	Otto G*	Zeitz C*

New RAH Steering Committee

Andreotti L (appointed 01/09/2015)	Michele T	Squire J (appointed 01/10/2015)
Archer S	Reynolds D (appointed 01/12/2015)	Swan D (Chair)
Deegan M	Richter J	

Orthogeriatrics Expert Work Group: Acute Hip Fracture Management - the Department
(this is a new committee and all members were appointed on 09/07/2015)

Adams M*	Kimber C*	Shukla A*
Bynes S*	Larsen R*	Smith J
Chapman P*	Maddison J* (Chair)	Smith N*
Chehade M*	Molenaar K*	Taylor A*
Church R*	Molga A*	Teo M*
Davies O*	Muirhead A*	Tewari R*
Delguste K*	Nehvi T*	Wakefield L*
Govier A*	Sananek M*	Whitehead C*
Hewitt T*	Sanchez K*	Whiteway L
Hosking C*	Semple T*	Wright C*
Jesudason C*	Shibu P*	

Partnering with Consumer Advisory Group - Southern Adelaide Local Health Network

Baddok R * (resigned 01/07/2015)	Keller N *	Morris D *
Bishop R (resigned 01/07/2015)	Kerrins E * (appointed 01/01/2015)	Pettigrew R * (resigned 01/01/2016)
Bower T * (resigned 10/08/2015)	Kimber M *	Sturman G *
Bryne J * (appointed 01/01/2015)	Klinge N	Van Male E (appointed 01/09/2015)
Buer S (appointed 01/09/2015)	Lemmer C * (appointed 01/01/2015)	Voss D
Coppin B *	Mannion J * (resigned 21/06/2016)	Whyman N *
Dame T	McDonald J *	Wilson T * (Chair)
Dixon K *	Miller S * (resigned 15/12/2015)	Woon S *
Hoiles J (appointed 01/01/2015)	Milne A	

Perinatal Subcommittee - the Department

Atkinson E*	Kochar A*	Porter T*
Dekker G* (Chair)	Manton N*	Prider J*
Ellison V*	McCormack D*	Scheil W*
Gould J	McKendrick L	Viergever P*
Khong Y*	McKenzie K*	Weber L*

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Public Health Council - the Department

Burke C	McKay R	Whittington S
Christley S* (Chair)(resigned 04/07/2015)	Moore D (resigned 30/12/2015)	Williams H (resigned 27/05/2016)
Dollam J	Phillips P*(Chair)(appointed 04/07/2015)	Wood A*
Koehler A*	Rischbieth A	Wright L (resigned 27/05/2016)
Marshall H*	Rokicinski K	

Recovery College Steering Committee - Southern Adelaide Local Health Network
(this is a new committee and all members were appointed on 01/03/2016)

Ball J *	Longford M *	Ryan J *
Brown B *	Mannion J *	Smith B *
Buer S	McMillan J *	Strachan J *
Ellis J *	Page B	Winfield U *
Forbes L *	Penberthy V	
Keller N *	Rootsey L * (Chair)	

Rehabilitation Services Development Expert Work Group - the Department
(this is a new committee and all members were appointed on 31/07/2015)

Adanichkin N*	Harding J*	Mills S*
Adey-Wakeling Z Dr*	Harling R*	Molenaar K*
Anastassiadis P Dr*	Harris K Dr*	Morris C*
Baxter L*	Heath K*	Naik S Dr*
Birch F*	Hewlett R*	Niejalke S*
Bond C*	Heydrick S	Paul M Dr*
Braithwaite M*	Hood N*	Pearl R*
Castle V	Hosking C*	Perera C Dr*
Cavenett S*	Hume V*	Philcox P*
Chapman P Dr *	Jackson S*	Prendergast J*
Chester M	Jelbart M Dr*	Prowse R Dr*
Crotty M Prof* (Chair)	Jolly M*	Pryor L*
Dempsey R*	Kay R*	Sanap V Dr*
DiSanto T*	Kochiyil V Dr*	Siebert L*
Dodd B*	Leahy A*	Simpson B*
Dr Siang Naik S Dr*	Maddison J Dr*	Thackray N*
Dubrich E*	Marshall R Associate Prof*	Totani A*
Elliott K*	Martin A*	Wakefield L*
Forward J*	McGrath A*	Wilkinson A Dr*
Fyfe D	McInnes W*	Winsor A Dr*
Garner J*		

Risk Management and Audit Committee - SAAS

Chapman P * (resigned 09/06/2016)	Sneddon Y (Chair)	Taylor B
-----------------------------------	-------------------	----------

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Royal Adelaide Hospital Consumer Advisory Group

Andriolo K (appointed 12/01/2016)	Durand M	Morris C (resigned 30/09/2015)
Bah S	Fyfe D	Neale D
Brown R	Gordon-Edwards E*(appointed 01/10/2015)	Priest C
Catsavas M (appointed 08/03/2016)	Harris S (appointed 08/03/2016)	
Chester M (Chair)	Matiasz S	
Cocking M	Meakins V *	

Royal Adelaide Hospital Research Ethics Committee

Andrews J Associate Prof	Louise J Dr	Prideaux M
Bradley J Dr	McCulloch D	Sewell D (appointed 13/07/2015)
Chatterton B Associate Prof	McInerney M	Thornton A Dr (Chair)
Evans D Dr	Need A Associate Prof	Van Der Linden B Rev
Fitzgerald A	O'Connor S	Williams P Rev
Lee J Dr	Parry B	Wilmot J

SA Cancer Service - Strategic Committee

Adams J Dr *	Keefe D Prof *	Plew S
Bardy P Associate Prof *	Marker J	Robinson P Dr *
Eckert M Dr * (Chair)	McMenemy J *	Selva S Dr *
Flora E *	Mitchell A	Swetenham K *
Frank O Dr	Morris S *	Tapp H Dr *
Gill G Prof *	Mukherjee R Dr *	To B Prof *
Hayward A *	Piro D	Zwart L *

SADS Consumer Advisory Committee

Beddall P	Dobie K	Stone J
Brown M	McMahon J (Chair)	Zerna J
Costa D	Miller P	
Coston S	Priest S	

Safety and Quality Community Advisory Group - the Department (ceased 27/07/2015)

Cheesman T	McKinnon M*	Sparkes D
Cocking M	Michell A	Thomas J*
Cousins M	Pipe M	Wallent J
Jones C	Ranieri P*	Whiteway L
Kyriazopoulos H		

Safety & Quality Governance - Central Adelaide Local Health Network

Coulls J	Law D	O'Keefe K (Chair)
----------	-------	-------------------

SA Sexually Transmissible Infection and Blood Borne Virus Advisory Committee - the Department (ceased 1/12/2015)

Ferguson C*	Lee D*	Paterson K (Chair)
Gannon C	Lymb S*	Size L*
Grant J	Miller W	Spudic M
Harris D	Montague C*	Wakefield L*
Holly C	Nguyen L M	Wilkins M
Landers D	Opie T	Williams J*
Larkin M	Oudih E	

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

South Australia Health End of Life Prescribing Working Group - the Department
(this is a new committee and all members were appointed on 30/04/2015)

Barratt K*	Foreman L Dr*	Stephenson D*
Burgess N*	Moy C Dr	To J*
Drummond C Dr* (Chair)	Tait P*	To T Dr*

South Australia Health Partnering with Consumers and the Community Advisory Group - the Department

Ball A*	Hoiles J (appointed 10/12/2015)	Ranieri P*
Ball T	Isemonger I (appointed 06/08/2015)	Roninson P*
Bird A*	Kimber M*	Thyer P*
Brown J*	Lampard F (appointed 06/08/2015)	Tully S*
Brown J	Larsen R*	Walford L
Chataway R*	Mckinnon M*	White J*
Chester M	Morris C*	Willoughby E
Cousins M* (Chair)	Pope M (resigned 25/08/2015)	
Hillier (nee Ellis) T		

South Australian Medicines Advisory Committee - the Department

Bochner F Emeritus Prof *	Kardachi G	Rosenthal D*
Brown J*	Key D*	Sansom L Emeritus Prof (Chair)
Burgess N*	Lang K*	Shakib S*
Conboy S*	Maddison J*	Stocks N
Doecke C Associate Prof *	Marotti R*	Symonds A*
Eaton V*	Morris S*	Turner S*
Fitzhenry A*	O'Brien S*	Tyllis P*
Gilbert A Emeritus Prof	Pearson C*	Warner M*
Hedger S*	Phillips P*	White M*
Hill C*	Pink J*	

South Australian Medicines Evaluation Panel - the Department

Bardy P *	Hill C* (Chair)	Pearson C*
Booth C *	Hillock N*	Pekarsky B
Burgess N*	Kichenadase G*	Scarborough K*
Clarke D*	Louise J	Selva-Nayagam S*
Cousins M	Merlin T	Tonkin A
Gailer J*	Mussared A	Ward M

South Australian Standards for the Management of the Obese Obstetric Woman - the Department
(ceased 30/06/2016)

Beaven R*	Kane S Dr*	Petersen R Dr*
Bristow A*	Matthews G Dr*	Rischbieth P Dr
Bury J*	McAleer P Dr*	Rix M*
Chapman P Dr*	O'Connor J*	Scroggs S Dr*
Dodd J Prof* (Chair)	Osborn K Dr*	Wilson A*
Holmes S Dr	Palm P Dr*	

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Southern Adelaide Clinical Human Research Ethics Committee
(previously reported as Human Research Ethics Committee)

Benjamin S	Hinton-Humphries G	Victory N
Bradshaw A	Kichenadasse G *	Were L *
Campbell G Major	Porter T	
Gordon D Dr * (resigned 01/02/2016)	Richards B (Chair)	

Southern Adelaide Local Health Network Audit & Risk Management Committee

Dreckow J	Stubbs T (Chair)
Hislop R	Taylor M

Southern Adelaide Local Health Network Clinical Council

Agzarian M *	Fernando H	Morton S * (Chair)
Aylward P *	Hedde B *	Moyes B *
Bastiampillai T *	Keller N *	O'Connor J *
Battersby M *	Lawrence D *	Padbury R *
Bersten A *	Lillie P *	Ramsy G *
Bishop R	Mannion J *	Sturman G *
Blyth A *	McDonald J *	Whitehead C *
Chaplin S *	Moen D *	Wilson T *
Eaton V *	Morris D *	Woon S *

Southern Adelaide Local Health Network Health Advisory Council Incorporated

Bersten A Dr *	Kerrins E	Wilson B
Bishop R	Taylor A	
Hislop R	Williams H (Chair)	

Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group
(this is a new committee and all members were appointed on 01/10/2015)

Ainsley J	Morrison T * (Chair)	Oko R
Antony P	Oko J	Shepherd K

Southern Mental Health Clinical Governance Committee

Bower T	Mannion J * (Chair)
Hayes B	Quirk M *

Statewide Clinical Network Palliative Care - the Department (ceased 30/06/2016)

Amato C *	Lawton S*	Shuttleworth C*
Broadbent H *	Marshall J*	Swetenham K* (Chair)
Briffa M*	Moy C	To J*
Ferguson J	Pugh L*	Watters T*
Fleming S*	Puvogel K*	Whittaker R*
Kannussaar T*	Rouvray R*	Woodford L*

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Statewide Maternal and Neonatal Clinical Network - the Department

Ah Kit J*	Grivell R*	Pratt J*
Altmann M	Hobbs M*	Rischbieth P Dr
Bernardo J*	Holmes S*	Rix M*
Chapman P*	Kennedy-Andrews S Dr*	Robinson J Prof*
Coffey J*	Marshall P*	Roxborough H
Coomblas J*	Matthews G Dr*	Rundell J*
Cummins B*	McPhee A*	Telfer J*
Dekker G*	Morrissey T*	Thomas J*
Dodd J Prof* (Chair)	O'Connor J*	Weatherill C Dr
Fisher B*	Osborn K*	

Stroke Expert Work Group - the Department

(this is a new committee and all members were appointed on 01/07/2015)

Abou-Hamden A*	Kochiyil V*	Parsch C*
Bates S*	Lane S	Scroop R*
Bonnin A*	Larson R*	Shanks A*
Bronca M*	Marron C*	Sullivan C*
Clarke K*	Martinez Y*	Tolfts A*
Dodd L*	May N*	Tran L*
Garner J*	Mills E*	Webb K*
Heard S*	Mohamed A*	Windsor A*
Jannes J*	Night N*	Wong Y T*

The Queen Elizabeth Consumer Advisory Group

Arkley G (appointed 29/03/2016)	Fyfe D	Meakins V *
Baylish S (appointed 21/04/2015)	Gordon-Edwards E*(appointed	Morris C (resigned 30/09/2015)
Bedford E	Heydrich S	Najar K
Chester M	Hickman C (appointed 25/01/2016)	Raschella F (appointed 25/01/2016)
Curry M (Chair)	Jenkins M (appointed 25/01/2016)	
Dann R	Martini J (appointed 25/01/2016)	
Duffy L	McMahon J	

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The Queen Elizabeth Hospital Research Ethics Committee

Boyce M Rev *	Lai C Dr*	Prideaux M (appointed 06/08/2015)
Carr P	Lupo G	Ruffin R Prof * (Chair)
Challen J *	Mahadaven D Dr *	Ryan C *
Crabb A	May J Rev *	Sewell D
Drummond C Dr*	McCulloch D	Singla A Dr *
Huxtable E	McNeil J Associate Prof*	
Kuyper J	Prasanna S Dr *	

Transforming Health Peak Consumer and Community Engagement Committee - the Department
(this is a new committee and all members were appointed on 29/07/2015)

Burgess A	Gregurke K	Patching A*
Carr J*	Kerrins E*	Porter A
Castle V	Kyriazopoulos H*	Thyer P*
Cousins M* (Chair)	Lemmer C*	Voss D
Cudzow M	McKinnon M*	Whiteway L
Ferguson J	Mickan K*	Woodforde L*
Fyfe D		

Transition Service Development Support Work Group - the Department (ceased 30/06/2016)
(this is a new committee and all members were appointed on 30/09/2015)

Castle V	Hamilton A* (Chair)	Paul M Dr*
Gray J*	Huang L Dr*	Spizzo M*
Gupta A D Dr*	Jelbart M Dr*	Wright D*

Trauma Informed Care & Practice Committee

O'Keefe K (Chair)	Scott D
-------------------	---------

Veterans Post Traumatic Stress Disorder Centre for Excellence Expert Advisory Panel - the Department
(this is a new committee and all members unless otherwise specified were appointed on 24/03/2015.
the committee ceased 21/07/2015)

Basimpillai T*	Horan B*	O'Hanlon J*
Burns C*	Keefe D* (Co-Chair)	Positano S*
Cowain T*	Legg L* (appointed 18/6/2015)	Swift P*
Cowan L*	Lewis L*	Tonks J*
Curren D*	Manton R*	Walters B
Featherby W	McFarlane S*	Walters S
Fisher L	McManus D*	Wilcock M*
Fuller J*	Morgan C*	
Hancock V*	Neuhaus S* (Co-Chair)	

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Viral Hepatitis Model of Care Reference Group - the Department

Altus R*	Heffernan D*	Oudih E
Chinnaratha A* (appointed 11/02/2016)	Inslay T*	Paterson K
Clark M* (appointed 13/08/2015)	Jacobson S	Shaw D Dr*
Cock V Dr* (appointed 13/08/2015)	Larkin M	Tavkoff Y* (resigned 11/02/2016)
Colman A*	McConnell M Dr* (appointed 13/08/2015)	Tribe I* (appointed 11/02/2016)
Economos C*	Milner M*	Turnbull T Dr* (appointed 13/08/2015 and resigned 11/02/2016)
Elliot S Dr	Muller K Dr*	Vogelzang H* (appointed 11/02/2016)
Gallant D*	Newman M* (appointed 12/11/2015)	Warneke-Arnold D
Harding D* (appointed 11/02/2016)		

Western Lived Experience Liason Group

Barbara A	Hunt D	Sinclair M
Blazewicz R	Langdon M	Smet J
Cafuta R	Law D	Sutton P
Duffield I	Llyod C	Sutton S
Edwards-Brown A	O'Neil S	Tsogas C (Chair)
Ellis J	Robertson T	Tsogas G

Women's and Children's Health Network Advisory Council Incorporated

Buckerfield M	Petersen R Associate Prof* (resigned 19/2/2016)
Buza Y	Seiboth C (resigned 20/08/2015)
Cadzow M	Sutherland A Dr (resigned 17/12/2015)
Fereday J Dr *	Wigg N Dr

Youth Cancer Advisory Group

Belinda R	Fowler N	Haseloff M
Binns T	Hadaway S	O'Keefe K (Chair)
Contibas M		

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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

	2016 No. of Members	2015 No. of Members
\$0	613	595
\$1 - \$9,999	182	198
\$10,000 - \$19,999	18	15
\$20,000 - \$29,999	6	5
\$30,000 - \$39,999	2	3
\$40,000 - \$49,999	2	1
\$50,000 - \$59,999	-	1
Total	823	818

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.85 million (\$0.818 million).

*In accordance with the *Department of the Premier and Cabinet Circular No. 016*, government employees did not receive any remuneration for board/committee duties during the financial year.

**This committee member became an SA Government employee during the reporting period, prior to employment he was eligible for and received sitting fees, after employment he retained positions on the committee but no longer received sitting fees.

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.

46 Events after balance date

On 4 July 2016 Cabinet approved the sale of a portion of the Glenside site, which had been identified as surplus to requirements, to Cedar Woods for \$25.768 million which is expected to be finalised by the end of this calendar year. In accordance with *AASB 136 Impairment of Assets* the Consolidated Entity has impaired the value of the land, buildings and site improvements with the net book value of these assets being transferred to the Department for anticipated sale.

47 Segment information

The Consolidated Entity is required by Commonwealth funding requirements to disclose segment information for Residential Aged Care services.

Residential Aged Care Services funded by the Commonwealth are provided through the following Aged Care Facilities which form part of the Consolidated Entity and are not separately incorporated.

	RAC ID
• Ira Parker Nursing Home, Balaklava	6004
• Bonney Lodge, Barmera	6149
• Hawdon House, Barmera	6005
• Charla Lodge, Bordertown	6027
• Kara House, Clare	6016
• Glenview Homes, Gumeracha	6138
• Hills Mallee Southern Aged Care Facility	6178
• Kapunda Homes	6057
• Loxton District Nursing Home	6405
• Loxton Hostel for the Aged	6064
• Sheoak Lodge, Millicent	6510
• Naracoorte Nursing Home	6926
• Orroroo Community Home	6070
• Nalya Lodge, Peterborough	6122
• Renmark Nursing Home	6936
• Renmark Hostel	6075
• Wakefield Aged Care Service	6190
• Strathalbyn & District Aged Care Facility	6181
• Melaleuca Court Nursing Home, Yorketown	6512
• Hammill House, Port Pirie	6302
• Symonds Wing, Jamestown	6305
• Eudunda Hostel	6045
• Makk & McLeay Nursing Home, Oakden	6010

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment disclosures required by AASB 8 *Operating Segments* are as follows:

Segment revenues and expenses

	Residential Aged Care Services	Other operations	Consol- idated
	2016	2016	2016
	\$'000	\$'000	\$'000
Segment expenses			
Employee benefits	51,809	3,613,354	3,665,163
Interest and other borrowing costs	135	3,242	3,377
Depreciation and amortisation	430	188,361	188,791
Other	12,957	1,906,920	1,919,877
Total segment expenses	65,331	5,711,877	5,777,208
Segment revenues			
Resident charges	17,142	556,555	573,697
Government grants and subsidies	49,150	1,606,995	1,656,145
Other	5,355	88,589	93,944
Total segment revenue	71,647	2,252,139	2,323,786
Revenue from SA Government	-	3,120,528	3,120,528
Payments to SA Government	-	43,636	43,636
Total revenues from/payments to SA Government	-	3,076,892	3,076,892
Segment result	6,316	(382,846)	(376,530)

	Residential Aged Care Services	Other operations	Consol- idated
	2015	2015	2015
	\$'000	\$'000	\$'000
Segment expenses			
Employee benefits	51,469	3,387,391	3,438,860
Interest and other borrowing costs	180	3,781	3,961
Depreciation and amortisation	574	177,361	177,935
Other	13,034	1,750,255	1,763,289
Total segment expenses	65,257	5,318,788	5,384,045
Segment revenues			
Resident charges	16,549	545,210	561,759
Government grants and subsidies	45,384	1,456,689	1,502,073
Other	4,733	83,754	88,487
Total segment revenue	66,666	2,085,653	2,152,319
Revenue from SA Government	-	3,191,323	3,191,323
Payments to SA Government	-	26,977	26,977
Total revenues from/payments to SA Government	-	3,164,346	3,164,346
Segment result	1,409	(68,789)	(67,380)

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment assets, liabilities and equity

	Residential Aged Care Services	Other operations	Consol- idated
	2016	2016	2016
	\$'000	\$'000	\$'000
Segment current assets			
Cash and cash equivalents	29,601	399,990	429,591
Receivables	4,690	305,832	310,522
Inventories	63	53,685	53,748
Non-current assets classified as held for sale	-	32,582	32,582
Other	8,527	81,001	89,528
Total segment current assets	42,881	873,090	915,971
Segment non-current assets			
Receivables	31	5,036	5,067
Property, plant and equipment	9,749	2,909,554	2,919,303
Other	-	136,806	136,806
Total segment non-current assets	9,780	3,051,396	3,061,176
Total segment assets	52,661	3,924,486	3,977,147
Segment current liabilities			
Payables	1,007	356,276	357,283
Borrowings	778	5,575	6,353
Employee benefits	5,344	510,149	515,493
Other	31,171	91,775	122,946
Total segment current liabilities	38,300	963,775	1,002,075
Segment non-current liabilities			
Payables	254	31,215	31,469
Borrowings	1,976	35,379	37,355
Employee benefits	5,505	628,284	633,789
Other	119	172,539	172,658
Total segment non-current liabilities	7,854	867,417	875,271
Total segment liabilities	46,154	1,831,192	1,877,346
Net segment assets	6,507	2,093,294	2,099,801
	Residential Aged Care Services	Other operations	Consol- idated
	2015	2015	2015
	\$'000	\$'000	\$'000
Segment equity			
Contributed Capital	-	1,643,898	1,643,898
Retained earnings	5,353	163,599	168,952
Asset revaluation surplus	1,154	277,092	278,246
Other Reserves	-	8,705	8,705
Total segment equity	6,507	2,093,294	2,099,801
Changes in equity			
Balance at the beginning of the reporting period	(1,100)	2,346,736	2,345,636
Net result for 2015-2016	6,316	(382,846)	(376,530)
Gain/(loss) on revaluation of property, plant and equipment	-	(17,960)	(17,960)
Gain/(loss) on revaluation of property held for sale	-	(899)	(899)
Gain/(loss) on revaluation of other financial assets	-	(5)	(5)
Loss on revaluation of Defined Benefit Fund Liability	-	(28,689)	(28,689)
Derecognition of assets	-	-	-
Change in accounting policy and/or correction of error	1,291	(1,291)	-
Total comprehensive result for 2015-2016	7,607	(431,690)	(424,083)
Equity contributions from the Department of Treasury and Finance	-	178,248	178,248
Balance at the end of the reporting period	6,507	2,093,294	2,099,801

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services 2015 \$'000	Other operations 2015 \$'000	Consol- idated 2015 \$'000
Segment current assets			
Cash and cash equivalents	13,598	482,073	495,671
Receivables	4,022	255,254	259,276
Inventories	55	43,928	43,983
Non-current assets classified as held for sale	-	2,902	2,902
Other	8,337	61,930	70,267
Total segment current assets	26,012	846,087	872,099
Segment non-current assets			
Receivables	30	5,468	5,498
Property, plant and equipment	9,765	2,975,131	2,984,896
Other	-	131,024	131,024
Total segment non-current assets	9,795	3,111,623	3,121,418
Total segment assets	35,807	3,957,710	3,993,517
Segment current liabilities			
Payables	950	331,210	332,160
Borrowings	734	4,934	5,668
Employee benefits	6,380	479,833	486,213
Other	20,547	81,032	101,579
Total segment current liabilities	28,611	897,009	925,620
Net segment assets	(1,100)	2,346,736	2,345,636
Segment equity			
Contributed Capital	-	1,465,650	1,465,650
Retained earnings	(2,254)	532,692	530,438
Asset revaluation surplus	1,154	310,096	311,250
Other Reserves	-	38,298	38,298
Total segment equity	(1,100)	2,346,736	2,345,636
Changes in equity			
Balance at the beginning of the reporting period	(2,683)	2,426,662	2,423,979
Net result for 2013-2014	1,409	(68,789)	(67,380)
Gain/(loss) on revaluation of property, plant and equipment	174	(13,286)	(13,112)
Gain/(loss) on revaluation of other financial assets	-	(172)	(172)
Gain/(loss) on revaluation of defined benefit fund liability	-	(3,729)	(3,729)
Total comprehensive result for 2014-2015	1,583	(85,976)	(84,393)
Equity contributions from the Department of Treasury and Finance	-	5,993	5,993
Net assets transferred as a result of an administrative restructure	-	57	57
Balance at the end of the reporting period	(1,100)	2,346,736	2,345,636

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment Cash Flows

	Residential Aged Care Services 2016 \$'000	Other operations 2016 \$'000	Consol- idated 2016 \$'000
2016			
Segment cash flows from operating activities			
Segment cash inflows			
Resident charges	16,365	520,712	537,077
Government grants and subsidies	49,150	1,609,879	1,659,029
Accommodation bonds received	16,460	10,765	27,225
Other	6,145	237,022	243,167
Total segment cash inflows	88,120	2,378,378	2,466,498
Segment cash outflows			
Employee benefits	(52,613)	(3,446,026)	(3,498,639)
Interest and other borrowing costs	(135)	(3,242)	(3,377)
Accommodation bonds refunded	(5,713)	(4,514)	(10,227)
Other	(12,807)	(2,006,874)	(2,019,681)
Total segment cash outflows	(71,268)	(5,460,656)	(5,531,924)
Cash flows from SA Government			
Receipts from SA Government	-	3,120,528	3,120,528
Payments to SA Government	-	(43,636)	(43,636)
Total cash flows from SA Government	-	3,076,892	3,076,892
Net segment cash inflows/cash outflows from operating activities	16,852	(5,386)	11,466
	Residential Aged Care Services 2016 \$'000	Other operations 2016 \$'000	Consol- idated 2016 \$'000
Segment cash flows from investing activities			
Segment cash inflows			
Proceeds from sale/maturity of investments	-	9,181	9,181
Proceeds from sale of property, plant and equipment	-	7,310	7,310
Total segment cash inflows	-	16,491	16,491
Segment cash outflows			
Payments for purchase of investments	-	(31,147)	(31,147)
Purchase of intangibles	-	(24,215)	(24,215)
Payments for property, plant and equipment	(115)	(211,141)	(211,256)
Total segment cash outflows	(115)	(266,503)	(266,618)
Net segment cash inflows/cash outflows from investing activities	(115)	(250,012)	(250,127)
	Residential Aged Care Services 2016 \$'000	Other operations 2016 \$'000	Consol- idated 2016 \$'000
Segment cash flows from financing activities			
Segment cash inflows			
Capital contributions from Government	-	178,248	178,248
Total segment cash inflows	-	178,248	178,248
Segment cash outflows			
Repayment of borrowings	(734)	(1,834)	(2,568)
Repayment of finance leases	-	(3,099)	(3,099)
Total segment cash outflows	(734)	(4,933)	(5,667)
Net segment cash inflows/cash outflows from financing activities	(734)	173,315	172,581
Net increase/(decrease) in cash held	16,003	(82,083)	(66,080)
Cash at the beginning of the reporting period	13,598	482,073	495,671
Cash at the end of the reporting period	29,601	399,990	429,591

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services 2015 \$'000	Other operations 2015 \$'000	Consol- idated 2015 \$'000
2015			
<u>Segment cash flows from operating activities</u>			
Segment cash inflows			
Resident charges	15,787	563,606	579,393
Government grants and subsidies	45,384	1,459,021	1,504,405
Accommodation bonds received	9,932	5,221	15,153
Other	4,736	270,644	275,380
Total segment cash inflows	75,839	2,298,492	2,374,331
Segment cash outflows			
Employee benefits	(49,894)	(3,324,259)	(3,374,153)
Interest and other borrowing costs	(180)	(3,781)	(3,961)
Accommodation bonds refunded	(2,941)	(3,432)	(6,373)
Other	(13,457)	(1,966,182)	(1,979,639)
Total segment cash outflows	(66,472)	(5,297,654)	(5,364,126)
Cash flows from SA Government			
Receipts from SA Government	-	3,191,323	3,191,323
Payments to SA Government	-	(26,977)	(26,977)
Total cash flows from SA Government	-	3,164,346	3,164,346
Net segment cash inflows/cash outflows from operating activities	9,367	165,184	174,551
<u>Segment cash flows from investing activities</u>			
Segment cash inflows			
Proceeds from sale/maturity of investments	-	4,332	4,332
Proceeds from sale of property, plant and equipment	-	35,024	35,024
Proceeds from other investing activities	-	1,604	1,604
Total segment cash inflows	-	40,960	40,960
Segment cash outflows			
Payments for purchase of investments	-	(8,943)	(8,943)
Payments for property, plant and equipment	(163)	(109,691)	(109,854)
Payments for intangibles	-	(36,918)	(36,918)
Total segment cash outflows	(163)	(155,552)	(155,715)
Net segment cash inflows/cash outflows from investing activities	(163)	(114,592)	(114,755)
<u>Segment cash flows from financing activities</u>			
Segment cash inflows			
Capital contributions from Government	-	5,993	5,993
Total segment cash inflows	-	5,993	5,993
Segment cash outflows			
Repayment of borrowings	(676)	(956)	(1,632)
Repayment of finance leases	-	(2,709)	(2,709)
Total segment cash outflows	(676)	(3,665)	(4,341)
Net segment cash inflows/cash outflows from financing activities	(676)	2,328	1,652
Net increase/(decrease) in cash held	8,528	52,920	61,448
Cash at the beginning of the reporting period	5,070	429,153	434,223
Cash at the end of the reporting period	13,598	482,073	495,671

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

48 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Consolidated Entity and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Consolidated Entity's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

Minister's Salary represents the Minister for Health, The Arts and Health Industries (the Minister) salary and associated on-costs (disclosed as Employee benefit expenses below) and revenues from SA Government received for these expenses.

Complaints Commissioner represents the Health and Community Services Complaints Commissioner's (Complaints Commissioner) activities and revenues from SA Government received to cover these expenses.

Private Practice Funds represents funds billed on behalf of salaried medical officers and subsequently distributed to the LHN and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

Other administered funds include the following:

- Health and Medical Research Fund;
- The Woolshed;
- SA Medical Boards;
- Research and Other;
- Patient Trusts and Fund Raising;
- Nurses Education Fund; and
- Strata Corp.

Schedule of Administered Expenses and Income

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses					
Employee benefit expenses	317	107	-	795	1,219
Supplies and services	-	3	(2,126)	1,136	(987)
Grants and subsidies	-	-	-	2,391	2,391
Other expenses	-	-	78,003	6,532	84,535
Total administered expenses	317	110	75,877	10,854	87,158
Administered income					
Revenue from SA Government	317	110	-	-	427
Grants and contributions	-	-	-	1,137	1,137
Revenue from fees and charges	-	-	77,498	6,140	83,638
Interest revenue	-	-	-	3	3
Other revenue	-	-	-	4,736	4,736
Total administered income	317	110	77,498	12,016	89,941
Net result	-	-	1,621	1,162	2,783

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses					
Employee benefit expenses	290	113	-	549	952
Supplies and services	-	1	(247)	836	590
Grants and subsidies	-	-	-	2,489	2,489
Other expenses	-	-	77,210	7,108	84,318
Total administered expenses	290	114	76,963	10,982	88,349

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income					
Revenue from SA Government	290	114	-	-	404
Grants and contributions	-	-	-	939	939
Revenue from fees and charges	-	-	78,627	6,154	84,781
Interest revenue	-	-	-	4	4
Other revenue	-	-	464	4,658	5,122
Total administered income	290	114	79,091	11,755	91,250
Net result	-	-	2,128	773	2,901

Schedule of Administered Assets and Liabilities

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets					
Cash and cash equivalents	(26)	(11)	7,777	19,384	27,124
Receivables	26	11	7,322	1,069	8,428
Total administered current assets	-	-	15,099	20,453	35,552
Total administered assets	-	-	15,099	20,453	35,552
Administered current liabilities					
Payables	-	-	3,163	151	3,314
Borrowings	-	-	-	-	-
Employee benefits	-	-	-	57	57
Other current provisions/liabilities	-	-	54	-	54
Total administered current liabilities	-	-	3,217	208	3,425
Administered non-current liabilities					
Payables	-	-	-	2	2
Employee benefits	-	-	-	54	54
Total administered non-current liabilities	-	-	-	56	56
Total administered liabilities	-	-	3,217	264	3,481
Net administered assets	-	-	11,882	20,189	32,071

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets					
Cash and cash equivalents	(34)	(13)	6,881	2,634	9,468
Receivables	34	13	8,870	17,082	25,999
Total administered current assets	-	-	15,751	19,716	35,467
Total administered assets	-	-	15,751	19,716	35,467

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current liabilities					
Payables	-	-	5,452	632	6,084
Borrowings	-	-	-	41	41
Employee benefits	-	-	38	16	54
Total administered current liabilities	-	-	5,490	689	6,179
Total administered liabilities	-	-	5,490	689	6,179

Net administered assets	-	-	10,261	19,027	29,288
--------------------------------	---	---	--------	--------	--------

Schedule of Administered Changes in Equity

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the reporting period	-	-	10,261	19,027	29,288
Net result	-	-	1,621	1,162	2,783
Total recognised income and expenses for the period	-	-	1,621	1,162	2,783
Balance at the end of the reporting period	-	-	11,882	20,189	32,071

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the reporting period	-	-	8,133	18,254	26,387
Net result	-	-	2,128	773	2,901
Total recognised income and expenses for the period	-	-	2,128	773	2,901
Balance at the end of the reporting period	-	-	10,261	19,027	29,288

Schedule of Administered Cash Flows

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash inflows					
Grants and contributions	-	-	-	1,155	1,155
Receipts from SA Government	325	112	-	-	437
Fees and charges	-	-	79,046	6,029	85,075
Interest revenue	-	-	-	3	3
Other revenue	-	-	-	20,843	20,843
Total cash inflows	325	112	79,046	28,030	107,513
Cash outflows					
Staff benefit payments	317	107	-	726	1,150
Grants and subsidies	-	3	-	2,391	2,394
Supplies and services	-	-	(2,082)	1,629	(453)
Other payments	-	-	80,232	6,534	86,766
Total cash outflows	317	110	78,150	11,280	89,857
Net cash inflows/cash outflows from operating	8	2	896	16,750	17,656

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Net increase/(decrease) in cash held	8	2	896	16,750	17,656
Cash at the beginning of the reporting period	(34)	(13)	6,881	2,634	9,468
Cash at the end of the reporting period	(26)	(11)	7,777	19,384	27,124

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash inflows					
Grants and contributions	-	-	-	1,221	1,221
Receipts from SA Government	258	153	-	-	411
Fees and charges	-	-	78,414	6,229	84,643
Interest revenue	-	-	-	4	4
Other revenue	-	-	464	1,154	1,618
Total cash inflows	258	153	78,878	8,608	87,897
Cash outflows					
Staff benefit payments	268	67	-	550	885
Grants and subsidies	-	-	-	8	8
Supplies and services	-	1	(247)	384	138
Other payments	-	-	77,575	7,134	84,709
Total cash outflows	268	68	77,328	8,076	85,740
Net cash inflows/cash outflows from operating activities	(10)	85	1,550	532	2,157

	Minister's Salary	Complaints Commis- sioner	Private Practice Funds	Other	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Net increase/(decrease) in cash held	(10)	85	1,550	532	2,157
Cash at the beginning of the reporting period	(24)	(98)	5,331	2,102	7,311
Cash at the end of the reporting period	(34)	(13)	6,881	2,634	9,468

Administered expenses and administered cash outflows

The Consolidated Entity makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Consolidated Entity, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Consolidated Entity collects various revenues and grants on behalf of Government. The amounts are not controlled by the Consolidated Entity and are not recognised by the Consolidated Entity. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Consolidated Entity manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Consolidated Entity and are not recognised by the Consolidated Entity. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

The Consolidated Entity has no administered contingent assets and liabilities.

THE DEPARTMENT FOR HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

48.1 Administered funds - budgetary reporting and explanations of major variances between budget and actual amounts

The following administered funds disclosed in detail in Note 48 have had budgets tabled in parliament for the 2015-16 financial year:

- Minister's Salary
- Complaints Commissioner

The following administered funds disclosed in detail in Note 48 have not had budgets tabled in parliament for the 2015-16 financial year:

- Private Practice Funds
- Other

As no budgets have been tabled, budgetary reporting information is not disclosed for these administered funds.

Explanations are only required for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses. As these criteria were not met no explanations of variances between original budget and actual amounts are provided.

	Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefit expenses	419	424	(5)
Supplies and services	-	3	(3)
Total expenses	419	427	(8)
Net cost of providing services	419	427	(8)
Revenues from SA Government			
Revenues from SA Government	419	427	(8)
Total revenues from SA Government	419	427	(8)
Net result	-	-	-

¹The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

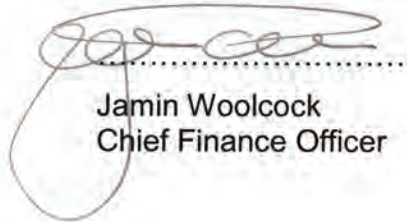
Certification of the financial statements

We certify that the:

- financial statements of the Department for Health and Ageing:
 - 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 Department for Health and Ageing over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Vickie Kaminski
Interim Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date Sept. 16, 2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Interim Chief Executive Department for Health and Ageing

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department for Health and Ageing, and the consolidated entity comprising the Department for Health and Ageing and its controlled entities for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Interim Chief Executive and the Chief Finance Officer.

The financial report comprises the Department for Health and Ageing and the entities it controlled at the year's end or from time to time during the financial year.

The Interim Chief Executive's responsibility for the financial report

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

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

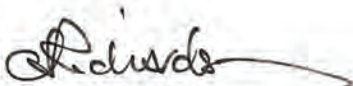
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Interim Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Health's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Health and Ageing and its controlled entities as at 30 June 2016, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016

Central Adelaide Local
Health Network Incorporated

Financial report
for the year ended
30 June 2016

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Expenses					
Staff benefit expenses	4	1,345,086	1,261,302	1,339,355	1,255,810
Supplies and services	5	704,297	649,743	701,397	646,878
Depreciation and amortisation expense	6	60,201	64,416	60,014	64,123
Grants and subsidies	7	5,055	7,191	4,755	6,679
Borrowing costs	8	584	618	584	618
Net loss from disposal of non-current and other assets	15	2,787	4,778	2,787	4,778
Other expenses	9	97,517	122,059	97,353	121,911
Total expenses		2,215,527	2,110,107	2,206,245	2,100,797
Income					
Revenue from fees and charges	11	312,896	301,154	304,605	292,733
Grants and contributions	12	186,009	141,685	186,069	141,920
Interest revenue	13	2,049	3,079	1,851	2,801
Resources received free of charge	14	2,150	178	2,150	178
Other revenue	16	36,178	33,872	34,515	33,279
Total income		539,282	479,968	529,190	470,911
Net cost of providing services		1,676,245	1,630,139	1,677,055	1,629,886
Revenues from SA Government					
Revenue from SA Government	17	1,619,453	1,488,810	1,619,453	1,488,810
Total revenues from/payments to SA Government		1,619,453	1,488,810	1,619,453	1,488,810
Net result		(56,792)	(141,329)	(57,602)	(141,076)
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		(7,341)	(42,888)	(7,341)	(42,888)
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains/(losses) recognised directly in equity		(899)	(164)	-	-
Total other comprehensive income		(8,240)	(43,052)	(7,341)	(42,888)
Total comprehensive result		(65,032)	(184,381)	(64,943)	(183,964)

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Consolidated 2016 \$ '000	2015 \$ '000	Parent 2016 \$ '000	2015 \$ '000
Current assets					
Cash and cash equivalents	18	106,090	123,605	104,378	121,950
Receivables	19	81,261	62,619	79,723	60,906
Inventories	20	20,566	16,615	20,305	16,406
Other financial assets	21	10,151	14,281	2,881	8,101
Total current assets		218,068	217,120	207,287	207,363
Non-current assets					
Receivables	19	5,698	6,692	5,698	6,692
Other financial assets	21	2,471	3,303	1,150	1,150
Property, plant and equipment	22	702,463	694,944	702,206	694,698
Investment property	23	3,825	3,825	-	-
Intangible assets	24	30,718	21,026	30,718	21,008
Total non-current assets		745,175	729,790	739,772	723,548
Total assets		963,243	946,910	947,059	930,911
Current liabilities					
Payables	26	117,311	90,792	116,429	90,118
Borrowings	27	718	679	718	679
Staff benefits	28	186,301	168,436	185,726	167,922
Provisions	29	12,075	10,107	12,075	10,107
Other liabilities	30	2,470	4,002	2,470	4,002
Total current liabilities		318,875	274,016	317,418	272,828
Non-current liabilities					
Payables	26	11,392	9,956	11,392	9,956
Borrowings	27	10,228	10,946	10,228	10,946
Staff benefits	28	218,047	177,131	218,025	177,114
Provisions	29	16,122	20,432	16,122	20,432
Other liabilities	30	2,903	3,039	2,903	3,039
Total non-current liabilities		258,692	221,504	258,670	221,487
Total liabilities		577,567	495,520	576,088	494,315
Net assets		385,676	451,390	370,971	436,596
Equity					
Asset revaluation surplus	31	14,277	31,646	14,277	31,646
Other reserves	31	36	935	-	-
Retained earnings	31	371,363	418,809	356,694	404,950
Total equity		385,676	451,390	370,971	436,596
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	33				
Contingent assets and liabilities	35				

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014	31	74,797	1,099	574,905	650,801
Error correction	2.39	908		(12,959)	(12,051)
Restated Balance at 30 June 2014		75,705	1,099	561,946	638,750
Net result for 2014-15		-	-	(141,329)	(141,329)
Gain/(loss) on revaluation of property during 2014-15	22	(45,095)	-	-	(45,095)
Gain/(loss) on revaluation of plant and equipment during 2014-15	22	2,207	-	-	2,207
Gain/(loss) on realisation of other financial assets		-	(164)	-	(164)
Total comprehensive result for 2014-15		(42,888)	(164)	(141,329)	(184,381)
Transfer between equity components		(1,171)	-	1,171	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	34	-	-	(1,472)	(1,472)
Net assets transferred as a result of an administrative restructure	34	-	-	(1,507)	(1,507)
Balance at 30 June 2015	31	31,646	935	418,809	451,390
Net result for 2015-16		-	-	(56,792)	(56,792)
Gain/(loss) on revaluation of property during 2015-16	22	(7,306)	-	-	(7,306)
Gain/(loss) on revaluation of plant and equipment during 2015-16	22	(35)	-	-	(35)
Gain/(loss) on realisation of assets held for sale		-	(899)	-	(899)
Total comprehensive result for 2015-16		(7,341)	(899)	(56,792)	(65,032)
Transfer between equity components		(10,028)	-	10,028	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	34	-	-	(1,963)	(1,963)
Net assets transferred as a result of an administrative restructure	34	-	-	1,281	1,281
Balance at 30 June 2016	31	14,277	36	371,363	385,676

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

PARENT

	Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014		74,797	-	560,793	635,590
Error correction	2.39	908	-	(12,959)	(12,051)
Restated balance at 30 June 2014		75,705	-	547,834	623,539
Net result for 2014-15		-	-	(141,076)	(141,076)
Gain/(loss) on revaluation of property during 2014-15	22	(45,095)	-	-	(45,095)
Gain/(loss) on revaluation of plant and equipment during 2014-15	22	2,207	-	-	2,207
Total comprehensive result for 2014-15		(42,888)	-	(141,076)	(183,964)
Transfer between equity components		(1,171)	-	1,171	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	34	-	-	(1,472)	(1,472)
Net assets transferred as a result of an administrative restructure	34	-	-	(1,507)	(1,507)
Balance at 30 June 2015	31	31,646	-	404,950	436,596
Net result for 2015-16		-	-	(57,602)	(57,602)
Gain/(loss) on revaluation of property during 2015-16	22	(7,306)	-	-	(7,306)
Gain/(loss) on revaluation of plant and equipment during 2015-16	22	(35)	-	-	(35)
Total comprehensive result for 2015-16		(7,341)	-	(57,602)	(64,943)
Transfer between equity components		(10,028)	-	10,028	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	34	-	-	(1,963)	(1,963)
Net assets transferred as a result of an administrative restructure	34	-	-	1,281	1,281
Balance at 30 June 2016	31	14,277	-	356,694	370,971

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Staff benefit payments		(1,287,841)	(1,178,094)	(1,292,929)	(1,172,769)
Payments for supplies and services		(748,444)	(686,510)	(735,261)	(705,669)
Payments for grants and subsidies		(5,539)	(7,390)	(5,180)	(6,878)
Interest paid		(584)	(618)	(584)	(618)
Payments for paid parental leave scheme		(3,934)	(3,775)	(3,934)	(3,775)
Other payments		(52,359)	(45,904)	(52,137)	(25,756)
Cash used in operations		(2,098,701)	(1,922,291)	(2,090,025)	(1,915,465)
Cash inflows					
Fees and charges		299,624	287,289	291,366	281,611
Grants and contributions		186,732	92,751	186,856	92,986
Interest received		2,073	3,167	1,827	2,877
GST recovered		59,104	89,037	59,104	89,037
Receipts for paid parental leave scheme		3,841	3,814	3,841	3,814
Other receipts		34,861	36,989	34,151	36,396
Cash generated from operations		586,235	513,047	577,145	506,721
Cash flows from SA Government					
Receipts from SA Government		1,609,108	1,421,417	1,609,108	1,421,418
Total cash flows from SA Government		1,609,108	1,421,417	1,609,108	1,421,418
Net cash provided by/(used in) operating activities		96,642	12,173	96,228	12,674
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(101,268)	(21,198)	(101,089)	(21,103)
Purchase of intangibles		(12,048)	(11,028)	(12,047)	(11,028)
Purchase of investments		(8,807)	1,244	-	-
Cash used in investing activities		(122,123)	(30,982)	(113,136)	(32,131)
Cash inflows					
Proceeds from sale of property, plant and equipment		15	19	15	19
Proceeds from sale/maturities of investments		8,631	(2)	-	-
Cash generated from investing activities		8,646	17	15	19
Net cash provided by/(used in) investing activities		(113,477)	(30,965)	(113,121)	(32,112)

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(679)	(642)	(679)	(642)
Cash used in financing activities		<u>(679)</u>	<u>(642)</u>	<u>(679)</u>	<u>(642)</u>
Net cash provided by/(used in) financing activities		<u>(679)</u>	<u>(642)</u>	<u>(679)</u>	<u>(642)</u>
Net increase/(decrease) in cash and cash equivalents		(17,514)	(19,434)	(17,572)	(20,080)
Cash and cash equivalents at the beginning of the period		123,604	143,038	121,950	142,030
Cash and cash equivalents at the end of the period	36	<u>106,090</u>	<u>123,604</u>	<u>104,378</u>	<u>121,950</u>
Non-cash transactions	36	(96,853)	(119,434)	(97,645)	(119,050)

The above statement should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1 Objectives of the Central Adelaide Local Health Network

The Central Adelaide Local Health Network Incorporated (the Hospital) is an incorporated Hospital under the *Health Care Act 2008* (the Act). It was incorporated on 1 July 2011.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Ageing (the Department) and is accountable to the Chief Executive of the Department.

The Central Adelaide Local Health Network Health Advisory Council Incorporated was established pursuant to the Act. The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and the Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital's objectives are to:

- promote, maintain and improve the health of the public;
- efficiently conduct and manage health services including those managed on a Statewide basis;
- monitor, maintain and improve the quality and safety of health services;
- provide health advice and information to the public relating to health services available;
- initiate, facilitate, support and conduct research into any area of health service activity, and to foster innovation in the provision of health services; and
- improve services and patient care through ongoing teaching and professional development of staff.

1.1 Administrative restructures

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks (LHNs) and SA Ambulance Service Inc. (SAAS).
- Following a review of SA Pathology to improve service and business performance, effective 1 July 2015, the Chief Executive of the Department approved the transfer of the Information and Communication Technology function from the Central Adelaide Local Health Network (SA Pathology) to the eHealth Systems division of the Department.

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and the SAAS.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 3 November 2014, inventory associated with the Royal Adelaide Hospital (RAH), Hampstead Rehabilitation Centre and the Queen Elizabeth Hospital were transferred to the Distribution Centre Division of the Department. Effective 25 May 2015, inventory associated with SA Pathology was transferred to the Distribution Centre Division of the Department.

Details of the assets, rights and liabilities that transferred are provided in Note 34.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

Except for AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* which the Consolidated Entity has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the period ending 30 June 2016. Refer to Note 3.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The Hospital's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.3 Reporting entity

The parent entity is comprised of:

Acute Services

- Royal Adelaide Hospital (RAH), Hampstead Rehabilitation Centre, St Margaret's Rehabilitation Centre
- The Queen Elizabeth Hospital, Pregnancy Advisory Centre

SA Pathology

Primary Health Care Services

- Rehabilitation Services - Community
- Prison Health SA
- Ambulatory Services
- Community Health

Statewide Services

- South Australian Dental Services
- BreastScreen SA

Mental Health Services

The consolidated accounts of the Hospital include the assets, liabilities, revenues and expenses of Medvet Science Pty Ltd (Medvet). From 1 July 2011 all the issued capital of Medvet (1,150,000 ordinary shares) is held by the Hospital. The Hospital has effective control over, and a 100% interest in, the net assets of the entities under its control. When preparing the consolidated accounts the effect of all transactions between entities within the economic entity have been eliminated in full. Accounting policies are applied consistently across the economic entity.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.5 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

2.6 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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Effective 1 January 2014, the Department, incorporated Hospitals and the SAAS were grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated Hospitals and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.7 Expenses

Expenses are recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from the Hospital will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Contributions paid

Contributions payable will be recognised as a liability and expense when the Hospital has a present obligation to pay the contribution and the expense recognition criteria are met.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Staff benefit expenses

Staff benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Hospital to the superannuation plan in respect of current services of current hospital staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

2.8 Income

Income is recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to the Hospital will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Contributions received

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Other revenue

Other revenue consists of car park revenue, intellectual royalties and donations.

2.9 Revenue from SA Government

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.

2.10 Foreign currency transactions

Transactions in foreign currency are translated into the Hospital's functional currency (Australian dollars) at the exchange rates at the dates the transactions occur.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

Foreign currency differences are recognised in the Statement of Comprehensive Income.

2.11 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Hospital has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Hospital has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.12 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.13 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.14 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Consolidated Entity's trading terms for receivables are generally 30 days.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

2.15 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Drug supplies;
- Imprest supplies; and
- Other supplies.

2.16 Other financial assets

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

2.17 Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

2.18 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 all non-current tangible property, plant and equipment and intangible assets that it controls 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.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.19 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*:

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- the Hospital revalues all land, buildings and site improvements triennially via an independent certified practicing valuer;
- triennial revaluation of other non-current assets by a certified practicing valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.20 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

2.21 Valuation of existing Royal Adelaide Hospital land, buildings and property, plant and equipment (the RAH assets)

Due to the upcoming completion of the new Royal Adelaide Hospital, some degree of uncertainty exists regarding the future use of some of the buildings and site improvements assets located at the existing RAH site. As these buildings and site improvements are of a specialised nature, it is difficult to reliably measure the asset value.

Due to this inherent estimation uncertainty, management decided to value the buildings and site improvements at nil value for the RAH site as at 30 June 2015 and the Frome Road Dental Hospital as at 30 June 2016. It is acknowledged that the ultimate market value and application of these RAH site assets will be determined following the current expression of interest process and decision of Cabinet, however due to the uncertainty at this time this conservative valuation approach has been adopted.

The associated land has been valued using the market approach, which considers 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.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.22 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Land and non current assets held for sale are not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of lease
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
Intangibles	5 - 10

2.23 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of, or internal development of software, is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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.

2.24 Investment properties

Investment properties represent properties held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset, will flow to the Hospital.

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.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other revenue, on a straight line basis over the lease term.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.25 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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 valuation processes and fair value changes are reviewed at each reporting date.

The Hospital believes the valuation methodology applied by the Valuer in the last valuation of specified assets is in line with the requirements of AASB 13 *Fair Value Measurement*.

Non-financial assets

In determining fair value, the Hospital has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

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 22, 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

Investments in listed entities are recognised at fair value based on quoted market prices for identical assets at reporting date. The Hospital does not recognise any other financial assets or financial liabilities at fair value.

2.26 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.27 Payables

Payables include creditors, accrued expenses, GST payable, staff on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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.

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave (SERL).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

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.

2.28 Borrowings/Financial Liabilities

The Hospital measures financial liabilities including borrowings/debt at historical cost.

2.29 Staff benefits

These benefits accrue for staff 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.

Salaries, wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

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.

Long service leave (LSL)

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of 4.0 percent; and
- Discounting of 1.90 percent per annum based on the gross 7 year Commonwealth bond rate prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the consolidated entity does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

2.30 Provisions

Provisions are recognised when the Hospital has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 Hospital, and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

With respect to the workers compensation liability, the Hospital includes an amount receivable for the lump sum and redemption portion of the workers compensation claims which is specifically funded by the Department.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Change of accounting estimate

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.31 Specific Purpose Funds

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.

2.32 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Hospital has entered into finance leases and operating leases.

Finance leases

Finance leases which transfer substantially all the risks and benefits/rewards incidental to ownership of the leased assets to the Hospital, are capitalised at inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

Where there is no reasonable assurance that the Hospital will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by the Hospital in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

2.33 Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

2.34 Build Own Operate Transfer Scheme - Carpark

In 1999-2000, the RAH site entered into a Build Own Operate Transfer (BOOT) structured financing arrangement for the construction and operation of a staff carpark facility on RAH controlled site land.

Construction of the carpark

At commencement of the arrangement, the RAH received funds of \$16.843 million from a private financier as consideration for the fee for use of the site land as a transfer of the obligation to make the construction payments to the builder.

The construction payments of the carpark totalled \$14.500 million, and construction was completed in 2001-02. The remaining funds represent the prepaid site license fee revenue, reported as unearned revenue in the Statement of Financial Position. These funds were used to make the initial finance lease payments until the carpark became operational in March 2002. As at 30 June 2013 the remaining unexpended funds have been invested to satisfy the Capital Reserve Fund and Insurance Fund requirements as specified in the carpark agreement and are reflected in the cash balances.

Carpark under finance lease

The arrangement is for the RAH to license the site land to a third party who organised the financing, construction and the operation of the new carpark. The operator may lease the remaining spaces to the general public. This arrangement is for a 28 year term, at which time the car park ownership will be transferred to the RAH. This arrangement is shown in the Statement of Financial Position as a liability and a property asset.

Carpark revenue

From 2002-03, the RAH received an annual fee of \$0.155 million (indexed) from the carpark operator. This represents a royalty on the revenue received by the carpark operator as a result of renting to the general public. This revenue is recognised in the year it is earned and is recorded as rental property revenue.

2.35 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

2.36 SA Government/Non-SA Government disclosures

The Hospital has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where the Hospital must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.37 Continuity of Operations

As at 30 June 2016, the Hospital had working capital deficiency of \$100.807 million (\$56.896 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.38 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

2.39 Correction of a prior period error

Fixed asset correction as at 1 July 2014.

During the 2014-15 financial year, it was identified that Northern Mental Health and Primary Health Care transactions should have been reflected in the Northern Adelaide Local Health Network financial statements effective 1 July 2013. An error correction was reflected in the 2014-15 financial statements and in 2015-16 further Northern Adelaide Local Health Network assets valued at \$21.563 million were identified in the Central Adelaide Local Health Network asset register and corrected as a prior year adjustment in this financial report.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Child and Adolescent Mental Health and Women's Health as at 1 July 2013

Child and Adolescent Mental Health Service (CAMHS) in South Australia are governed by the Women's and Children's Health Network. CAMHS currently consists of an acute inpatient unit, community and outpatient services, as well as perinatal services also located on Glenside Campus.

In June 2012, the SA Health Portfolio Executive reaffirmed its 2011 decision to establish a single state-wide CAMHS for children and adolescents aged 0 to 15 years of age. Previous to July 2013 the service was split between Southern Adelaide Local Health Network (Southern CAMHS) and the Women's and Children's Health Network (Northern CAMHS). These services operated under very different models of care and in July 2013 there was a merger of the Northern and Southern CAMHS teams to join under one umbrella of Women's and Children's Health Network.

During the 2015-16 financial year, it was identified that Child and Adolescent Mental Health transactions should have been reflected in the Women's and Children's Health Network's financial report effective 1 July 2013. In addition, during the 2015-16 financial year, it was identified that Women's Health transactions should have been reflected in the Women's and Children's Health Network's financial report effective 1 July 2013 or earlier, as these activities are specific functions of the Women's and Children's Health Network as per the Health Care (Local Health Networks) Proclamation of 2011. In 2015-16 net liabilities valued at \$0.346 million were identified and corrected as a prior year adjustment in this financial report.

SA Pharmacy and SA Medical Imaging as at 1 July 2012

On 1 July 2012, SA Pharmacy and SA Medical Imaging became a statewide service, under Central Adelaide Local Health Network.

SA Pharmacy is responsible for the provision of pharmacy services at SA metropolitan public hospitals and at country hospitals with on-site pharmacy departments.

SA Medical Imaging is responsible for the provision of all medical imaging services at SA Public Hospitals within metropolitan and country South Australia across SA Health. Contracts with External Service Providers exist for Modbury Hospital and Noarlunga Hospital, and many country health sites.

During the 2015-16 financial year, it was identified that SA Pharmacy transactions and SA Medical Imaging transactions should have been reflected in Central Adelaide Local Health Network's financial report effective 1 July 2012. In 2015-16 net expenses valued at \$0.061 million and net liabilities valued at \$9.105 million were identified and corrected as a prior year adjustment in this financial report.

Prior period reclassification

The 2015 comparative information has been amended to better reflect the nature of the transactions in accordance with Note 2.4 above. The amendments made had no impact on reported equity.

The correction of these errors in 2015-16 have resulted in certain account balances for 2014-15 being restated as follows:

Note	Description	2014-15 (\$'000)	Prior Period Error (\$'000)	Prior Period Reclassificat ion (\$'000)	2014-15 Restated Balance (\$'000)
Staff benefit expenses ^{2,3}	Salaries and wages	965,822	58,769	-	1,024,591
Staff benefit expenses ^{2,3}	Annual leave	87,406	4,853	-	92,259
Staff benefit expenses ^{2,3}	Long service leave (LSL)	20,707	1,470	-	22,177
Staff benefit expenses ^{2,3}	Skills and experience retention leave (SERL)	4,011	248	-	4,259
Staff benefit expenses ^{2,3}	Staff on-costs - superannuation	100,314	5,956	-	106,270
Staff benefit expenses ^{2,3,4}	Workers compensation	2,621	(76)	(44)	2,501
Staff benefit expenses ³	Other staff related expenses	6,599	54	-	6,653
Staff benefit expenses ²	TVSP	2,644	(474)	-	2,170
Supplies and services ^{2,3}	Administration	8,223	110	-	8,333
Supplies and services ³	Advertising	1,004	1	-	1,005
Supplies and services ^{2,3}	Communication	3,273	69	-	3,342
Supplies and services ³	Computing	18,697	369	-	19,066
Supplies and services ³	Contractors	15,208	1	-	15,209
Supplies and services ^{2,3}	Contractors - agency staff	38,407	514	-	38,921
Supplies and services ³	Drug supplies	98,458	45,579	-	144,037

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error (\$'000)	Prior Period Reclassificat ion (\$'000)	2014-15 Restated Balance (\$'000)
Supplies and services ²	Electricity, gas and fuel	13,636	(7)	-	13,629
Supplies and services ³	Fee for service	15,017	1,324	-	16,341
Supplies and services ^{2,3}	Food supplies	9,126	62	-	9,188
Supplies and services ^{2,3}	Housekeeping	40,337	340	-	40,677
Supplies and services ⁴	Legal	657	-	44	701
Supplies and services ³	Medical, surgical and laboratory supplies	150,421	(655)	-	149,766
Supplies and services ^{2,3}	Minor equipment	7,482	446	-	7,928
Supplies and services ³	Motor vehicle expenses	1,937	42	-	1,979
Supplies and services ^{2,3}	Occupancy rent and rates	12,306	241	1,584	14,131
Supplies and services ³	Patient transport	7,276	28	-	7,304
Supplies and services ³	Periodical, journals and publications	580	54	-	634
Supplies and services ³	Postage	6,319	144	-	6,463
Supplies and services ^{2,3}	Printing and stationery	6,380	314	-	6,694
Supplies and services ^{2,3}	Rental expense on operating lease	3,582	(5)	(1,584)	1,993
Supplies and services ^{2,3}	Repairs and maintenance	38,215	4,357	-	42,572
Supplies and services ^{2,3}	Security	10,052	3	-	10,055
Supplies and services ^{2,3}	Staff training and development	11,083	720	-	11,803
Supplies and services ^{2,3}	Staff travel expenses	9,846	140	-	9,986
Supplies and services ³	Waste removal	313	1	-	314
Supplies and services ^{2,3}	Other supplies and services	18,558	355	-	18,913
Depreciation and amortisation expense ¹	Buildings and improvements	36,711	(505)	-	36,206
Depreciation and amortisation expense ¹	Leasehold improvements	1,312	(40)	-	1,272
Depreciation and amortisation expense ¹	Site improvements	1,704	(53)	-	1,651
Depreciation and amortisation expense ³	Medical, surgical, dental and biomedical equipment	16,497	4,398	-	20,895
Depreciation and amortisation expense ³	Other plant and equipment	660	(19)	-	641
Depreciation and amortisation expense ³	Plant and equipment under finance lease	-	9	-	9
Other expenses ⁴	Bad and doubtful debts	5,519	-	(3,502)	2,017
Other expenses ³	Other	10,401	1,344	-	11,745
Revenue from fees and charges ^{3,4}	Patient and client fees	206,604	2,143	(3,502)	205,245
Revenue from fees and charges ³	Private practice fees	20,003	12,810	-	32,813
Revenue from fees and charges ³	Recoveries	35,952	1,768	-	37,720
Revenue from fees and charges ³	Other user charges and fees	19,819	4,567	-	24,386
Grants and contributions ³	Pharmaceutical Benefits Scheme	69,989	49,565	-	119,554
Grants and contributions ³	Private sector grants and contributions	11,754	23	-	11,777
Interest revenue ³	Interest on Special Purpose Funds (SPF)	912	154	-	1,066
Other revenue ⁴	Carpark revenue	-	-	3,555	3,555
Other revenue ^{3,4}	Other	10,897	117	(3,555)	7,459
Revenue from SA Government ^{2,3}	Recurrent funding	1,331,217	59,273	-	1,390,490
Current receivables ³	Workers compensation provision	3,167	208	-	3,375
Current receivables ³	Debtors	12,803	4	-	12,807
Current receivables ³	Sundry receivables and accrued revenue	13,827	5,162	-	18,989
Non-current receivables ³	Workers compensation provision	5,175	334	-	5,509
Non-current receivables ³	Debtors	178	10	-	188
Inventories ³	Drug supplies	6,883	5,907	-	12,790
Property, plant and equipment ¹	Site land at fair value	199,310	(2,550)	-	196,760
Property, plant and equipment ¹	Site improvements at fair value	22,805	(1,654)	-	21,151
Property, plant and equipment ¹	Buildings and improvements at fair value	340,885	(16,351)	-	324,534
Property, plant and equipment ¹	Accumulated depreciation - buildings and improvements	2,220	(668)	-	1,552

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error (\$'000)	Prior Period Reclassificat ion (\$'000)	2014-15 Restated Balance (\$'000)
Property, plant and equipment ¹	Leasehold improvements at fair value	22,658	(2,398)	-	20,260
Property, plant and equipment ¹	Accumulated amortisation leasehold improvements	6,215	(818)	-	5,397
Property, plant and equipment ^{1 3}	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	154,126	32,299	-	186,425
Property, plant and equipment ^{1 3}	Accumulated depreciation - medical, surgical, dental and biomedical equipment	101,995	17,634	-	119,629
Property, plant and equipment ^{1 3}	Other plant and equipment at cost (deemed fair value)	10,498	(481)	-	10,017
Property, plant and equipment ^{1 3}	Accumulated depreciation - other plant and equipment	6,889	(410)	-	6,479
Property, plant and equipment ³	Plant and equipment under finance lease at fair value	-	434	-	434
Property, plant and equipment ³	Accumulated amortisation - plant and equipment under finance lease	-	297	-	297
Payables ^{2 3}	Current staff on-costs	14,823	536	-	15,359
Payables ^{2 3}	Non-current Staff on-costs	9,364	488	-	9,852
Current staff benefits ^{2 3}	Annual leave	95,208	3,483	-	98,691
Current staff benefits ^{2 3}	Long service leave	28,308	1,047	-	29,355
Current staff benefits ³	Accrued salaries and wages	30,932	1,237	-	32,169
Current staff benefits ^{2 3}	Skills and experience retention leave	7,807	349	-	8,156
Non-current staff benefits ^{2 3}	Long Service Leave	168,809	8,322	-	177,131
Current provisions ³	Provision for workers compensation	9,512	595	-	10,107
Non-current provisions ³	Provision for workers compensation	19,488	944	-	20,432
Equity ^{1 3}	Asset revaluation surplus	30,738	908	-	31,646
Equity ^{1 2 3}	Retained Earnings	431,829	(13,020)	-	418,809

¹ Fixed assets correction

² Child and Adolescent Mental Health and Women's Health

³ SA Pharmacy and SA Medical Imaging

⁴ Prior period reclassification

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

3 New and revised accounting standards and policies

Accounting Policy Framework

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Hospital for the period ending 30 June 2016. The Hospital has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Hospital, except as outlined below.

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.	1 January 2019	AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement we have entered into at the time, this could see significant assets and liabilities being recognised and over the lease term amortised.	1 July 2019

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 and AASB 128]</i>	This amending standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a. A full gain or loss to be recognised when a transaction involves a business; and b. A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business.	1 January 2018	This standard will apply as the Hospital has an interest in Medvet and participates in joint operations for the Centre for Cancer Biology Alliance and the South Australian Cancer Genome Facility. These amendments clarify the requirements in dealing with the sale of contribution of assets between an investor and its associate or joint venture. When required the Hospital will recognise the correct portion of the gain or loss.	1 July 2018
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	This amending standard amends the effective date of application to 1 Jan 2018.			
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of the Hospital. As a result of the amending standard, the financial report may include some terminology changes eg 'summary of significant accounting policies' to 'significant accounting policies'; and possibly grouping or ordering of similar items in the notes. In addition, the standard clarifies that where some standards specify information that is required to be disclosed, these need not be provided if not material.	1 July 2016

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 and AASB 1049]</i>	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	The Hospital is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require the Hospital to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

4 Staff benefit expenses

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	1,055,873	1,024,591	1,051,269	1,020,231
TVSP (refer below)	975	2,170	975	2,170
Long service leave (LSL)	59,824	22,177	59,770	22,084
Annual leave	96,060	92,259	95,828	92,066
Skills and experience retention leave (SERL)	4,882	4,259	4,882	4,259
Staff on-costs - superannuation	107,817	106,270	107,376	105,850
Staff on-costs - other	238	230	-	-
Workers compensation	11,222	2,501	11,188	2,464
Board and committee fees	232	192	144	67
Other staff related expenses	7,963	6,653	7,923	6,619
Total staff benefit expenses	1,345,086	1,261,302	1,339,355	1,255,810
	2016	2015	2016	2015
Targeted voluntary separation packages (TVSPs)	\$'000	\$'000	\$'000	\$'000
Amount paid during the reporting period to separated staff:				
TVSPs	975	2,170	975	2,170
Annual leave, LSL and SERL paid to those staff	556	1,116	556	1,116
	1,531	3,286	1,531	3,286
Recovery from the Department of Treasury and Finance (DTF)*	-	379	-	379
Net cost to the Hospital	1,531	2,907	1,531	2,907
Number of staff who received a TVSP during the reporting period	10	35	10	35

*TVSP recoveries from DTF are to be recognised when the Hospital obtains control over the funds associated with the TVSP recovery or the right to receive the TVSP recovery from DTF. This will generally be upon receipt of the funds or obtaining written confirmation/substantiation from DTF that provides a right to receive the funds associated with the TVSP recovery.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Remuneration of staff	Consolidated		Parent	
The number of staff whose remuneration received or receivable falls within the following bands:	2016	2015	2016	2015
	No.	No.	No.	No.
\$141,500 - \$145,000*	na	59	na	59
\$145,001 - \$155,000	150	120	150	119
\$155,001 - \$165,000	103	106	103	106
\$165,001 - \$175,000	81	76	80	75
\$175,001 - \$185,000	55	51	55	51
\$185,001 - \$195,000	44	55	44	54
\$195,001 - \$205,000	46	37	45	37
\$205,001 - \$215,000	44	31	44	31
\$215,001 - \$225,000	32	30	32	30
\$225,001 - \$235,000	24	35	24	35
\$235,001 - \$245,000	39	19	39	19
\$245,001 - \$255,000	22	18	22	18
\$255,001 - \$265,000	13	23	13	23
\$265,001 - \$275,000	10	14	10	14
\$275,001 - \$285,000	16	9	16	9
\$285,001 - \$295,000	16	20	16	20
\$295,001 - \$305,000	20	18	19	18
\$305,001 - \$315,000	20	27	20	26
\$315,001 - \$325,000	26	22	26	22
\$325,001 - \$335,000	15	11	15	11
\$335,001 - \$345,000	17	14	17	14
\$345,001 - \$355,000	18	20	18	20
\$355,001 - \$365,000	17	15	17	15
\$365,001 - \$375,000	17	25	17	25
\$375,001 - \$385,000	13	19	13	19
\$385,001 - \$395,000	17	16	17	16
\$395,001 - \$405,000	18	11	18	11
\$405,001 - \$415,000	16	15	16	15
\$415,001 - \$425,000	12	10	12	10
\$425,001 - \$435,000	10	12	10	12
\$435,001 - \$445,000	13	15	13	15
\$445,001 - \$455,000	12	12	12	12
\$455,001 - \$465,000	12	13	12	13
\$465,001 - \$475,000	11	9	11	9
\$475,001 - \$485,000	11	9	11	9
\$485,001 - \$495,000	14	9	14	9
\$495,001 - \$505,000	4	8	4	8
\$505,001 - \$515,000	8	6	8	6
\$515,001 - \$525,000	7	6	7	6
\$525,001 - \$535,000	7	2	7	2
\$535,001 - \$545,000	8	8	8	8
\$545,001 - \$555,000	5	9	5	9
\$555,001 - \$565,000	6	14	6	14
\$565,001 - \$575,000	9	4	9	4
\$575,001 - \$585,000	11	10	11	10
\$585,001 - \$595,000	5	2	5	2
\$595,001 - \$605,000	7	5	7	5
\$605,001 - \$615,000	4	5	4	5
\$615,001 - \$625,000	6	5	6	5
\$625,001 - \$635,000	2	-	2	-
\$635,001 - \$645,000	7	3	7	3
\$645,001 - \$655,000	2	-	2	-
\$655,001 - \$665,000	2	2	2	2
\$665,001 - \$675,000	2	1	2	1
\$675,001 - \$685,000	1	-	1	-
\$685,001 - \$695,000	-	1	-	1
\$695,001 - \$705,000	1	-	1	-

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
Remuneration of staff	2016	2015	2016	2015
The number of staff whose remuneration received or receivable falls	No.	No.	No.	No.
\$715,001 - \$725,000	-	1	-	1
\$755,001 - \$765,000	1	-	1	-
\$775,001 - \$785,000	1	1	1	1
\$845,001 - \$855,000	1	-	1	-
\$905,001 - \$915,000	-	1	-	1
Total number of staff	1,111	1,099	1,108	1,095
	\$'000	\$'000	\$'000	\$'000
Total remuneration received or due and receivable by staff included above:	312,602	300,346	311,929	299,529

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

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, superannuation contributions, FBT and any other salary sacrifice benefits.

Where staff have left the Hospital, the remuneration reflects lump sum long service leave, annual leave and termination benefits. Remuneration does not include inventor royalty payments.

Staff whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Medical (excluding Nursing) remuneration \$284.422 million, 953 staff (\$272.083 million, 938 staff);
- Executive remuneration \$5.920 million, 26 staff (\$6.076 million, 27 staff);
- Nursing remuneration \$7.657 million, 49 staff (\$7.295 million, 48 staff)
- Non-medical (i.e. administration) remuneration \$14.603 million, 83 staff (\$14.892 million, 86 staff).

The total remuneration received by these staff for the year was \$312.602 million (\$300.346 million).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

5 Supplies and services

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Administration	8,115	8,333	9,473	9,492
Advertising	672	1,005	504	829
Communication	3,957	3,342	3,873	3,268
Computing	19,937	19,066	19,733	18,897
Contractors	18,907	15,209	18,837	15,149
Contractors - agency staff	37,662	38,921	37,657	38,921
Consultants	2,439	2,121	2,265	2,067
Contract of services	11	2	11	2
Cost of goods sold	1,906	1,890	-	-
Drug supplies	187,307	144,037	187,307	144,037
Electricity, gas and fuel	12,067	13,629	12,036	13,598
Fee for service	24,296	16,341	24,296	16,341
Food supplies	9,052	9,188	9,052	9,188
Health surveys	29	18	29	18
Housekeeping	40,637	40,677	40,588	40,636
Insurance	9,357	9,132	9,310	9,058
Internal SA Health SLA payments	23,416	24,883	23,416	24,883
Legal	1,230	701	846	367
Medical, surgical and laboratory supplies	155,163	149,766	155,163	149,845

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Minor equipment	9,915	7,928	9,905	7,918
Motor vehicle expenses	2,166	1,979	2,127	1,939
Occupancy rent and rates	16,767	14,131	16,573	13,940
Patient transport	8,600	7,304	8,600	7,304
Payments to Shared Services SA	10,115	10,713	10,115	10,713
Periodical, journals and publications	444	634	442	630
Postage	6,813	6,463	6,785	6,445
Printing and stationery	6,530	6,694	6,494	6,664
Rental expense on operating lease	1,744	1,993	1,744	1,993
Repairs and maintenance	30,085	42,572	30,079	42,563
Security	10,612	10,055	10,612	10,055
Staff training and development	10,938	11,803	10,790	11,684
Staff travel expenses	10,987	9,986	10,882	9,885
Waste removal	1,103	314	1,103	314
Other supplies and services	21,318	18,913	20,750	18,235
Total supplies and services	704,297	649,743	701,397	646,878

Consolidated

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	11	33	3	17
Above \$10,000	20	2,406	14	2,104
Total paid/payable to consultants engaged	31	2,439	17	2,121

Parent

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	5	13	2	9
Above \$10,000	18	2,252	11	2,058
Total paid/payable to consultants engaged	23	2,265	13	2,067

6 Depreciation and amortisation expense

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings and improvements	30,140	36,206	30,140	36,206
Site improvements	860	1,651	860	1,651
Computing equipment	191	262	67	97
Medical, surgical, dental and biomedical equipment	22,642	20,895	22,642	20,890
Motor vehicles	280	243	273	236
Power generation and transmission	14	11	14	11
Other plant and equipment	630	641	593	626
Total depreciation	54,757	59,909	54,589	59,717

	Consolidated		Parent	
	2016	2015	2016	2015
Amortisation				
Buildings and improvements under finance lease	923	873	923	873
Leasehold improvements	2,087	1,272	2,087	1,272
Plant and equipment under finance lease	43	9	43	9
Intangible assets	2,391	2,353	2,372	2,252
Total amortisation	5,444	4,507	5,425	4,406
Total depreciation and amortisation	60,201	64,416	60,014	64,123

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

7	Grants and subsidies	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Recurrent grants	2	-	2	-
	Capital grants	-	3,401	-	3,401
	Subsidies	300	512	-	-
	Funding to non-government organisations	4,753	3,258	4,753	3,258
	Other	-	20	-	20
	Total grants and subsidies	5,055	7,191	4,755	6,679

8	Borrowing costs	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	584	618	584	618
	Total borrowing costs	584	618	584	618

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the Statement of Comprehensive Income was \$0.584 million (\$0.618 million).

9	Other expenses	Note	Consolidated		Parent	
			2016	2015	2016	2015
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	19	1,993	2,017	1,984	2,016
	Bank fees and charges		64	108	52	96
	Donated assets expense		9	-	9	-
	Impairment expense		8,820	54,181	8,820	54,181
	Net loss on revaluation of shares		5,244	1,376	5,244	1,367
	Net loss on sale of investments		29	-	-	-
	Deed of Settlement		36,535	-	36,535	-
	Royalty payments		11,109	10,199	11,109	10,199
	Soil remediation expenses		-	20,000	-	20,000
	Assets transferred to the Department		31,355	22,433	31,355	22,433
	Other		2,359	11,745	2,245	11,619
	Total other expenses		97,517	122,059	97,353	121,911

10	Auditor's remuneration	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Audit fees paid/payable relating to the audit of financial statements				
	Auditor fees - auditing financial statements	478	433	418	368
	Total audit fees	478	433	418	368

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses – Other' (refer Note 9).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

11 Revenue from fees and charges	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Ambulance transport	161	122	161	122
Fines, fees and penalties	145	161	145	161
Insurance recoveries from health services	452	568	452	568
Patient and client fees	215,334	205,245	207,043	196,824
Private practice fees	31,488	32,813	31,488	32,813
Recoveries	42,736	37,720	42,736	37,720
Sale of goods - medical supplies	204	139	204	139
Other user charges and fees	22,376	24,386	22,376	24,386
Total fees and charges	312,896	301,154	304,605	292,733
12 Grants and contributions	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
12.1 Commonwealth revenues / grants and contributions				
Commonwealth grants and donations	5,959	8,287	5,959	8,287
Pharmaceutical benefits scheme Commonwealth subsidy	164,233	119,554	164,233	119,554
Total Commonwealth grants and contributions	170,192	127,841	170,192	127,841
12.2 Grants and contributions from SA Government agencies	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Other grants and contributions from SA Government agencies	2,568	2,049	2,628	2,284
Total grants and contributions from SA Government agencies	2,568	2,049	2,628	2,284
12.3 Private sector grants and contributions	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Private sector capital contributions	-	18	-	18
Private sector grants and contributions	13,249	11,777	13,249	11,777
Total private sector grants and contributions	13,249	11,795	13,249	11,795
Total grants and contributions	186,009	141,685	186,069	141,920
Restrictions on contributions received				
Of the \$186.009 million (\$141.685 million) received in 2015-16 for grants and contributions, \$8.110 million (\$7.693 million) was provided for specific purposes, such as research and associated activities.				
13 Interest revenue	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest from SAFA	-	1,161	-	1,161
Bank interest	399	852	201	574
Interest on Special Purpose Funds (SPF)	1,650	1,066	1,650	1,066
Total interest revenue	2,049	3,079	1,851	2,801
14 Resources received free of charge	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and improvements	-	160	-	160
Plant and equipment	2,150	18	2,150	18
Total resources received free of charge	2,150	178	2,150	178

In April 2016 the health service received some imaging equipment free of charge.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

15 Net gain/(loss) from disposal of non-current and other assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Net book value of assets disposed	(668)	(491)	(668)	(491)
Net gain/(loss) from disposal of land and buildings	(668)	(491)	(668)	(491)
	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Plant and equipment:				
Proceeds from disposal	15	19	15	19
Net book value of assets disposed	(2,134)	(4,041)	(2,134)	(4,041)
Net gain/(loss) from disposal of plant and equipment	(2,119)	(4,022)	(2,119)	(4,022)
Investments:				
Net book value of assets disposed	-	(269)	-	(269)
Net gain/(loss) from disposal of investments	-	(269)	-	(269)
Intangibles:				
Net book value of assets disposed	-	4	-	4
Net gain/(loss) from disposal of intangibles	-	4	-	4
	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Total assets:				
Total proceeds from disposal	15	19	15	19
Less total value of assets disposed	(2,802)	(4,797)	(2,802)	(4,797)
Total net gain/(loss) from disposal of assets	(2,787)	(4,778)	(2,787)	(4,778)
16 Other revenue	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	20	20	20	20
Carpark revenue	3,611	3,555	3,611	3,555
Dividend revenue	151	91	-	-
Royalty income	15,892	14,667	15,892	14,667
Training revenue	84	14	84	14
Donations received	6,725	8,066	6,725	8,066
Other	9,695	7,459	8,183	6,957
Total other revenue	36,178	33,872	34,515	33,279
17 Revenue from SA Government	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Recurrent funding	1,455,780	1,390,490	1,455,780	1,390,490
Capital funding	163,673	97,466	163,673	97,466
TVSP recovery funds from Department of Treasury and Finance	-	854	-	854
Total revenue from SA Government	1,619,453	1,488,810	1,619,453	1,488,810

Total revenues from SA Government consist of \$1,455.780 million (\$1,390.490 million) for operational funding and \$163.673 million (\$97.466 million) for capital projects. For details on expenditure associated with the operational funding and capital funding received refer to the above expenditure notes.

There were no material variations between the amount appropriated from the Department and the expenditure associated with this appropriation.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

18 Cash and cash equivalents	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	16,670	24,209	14,958	22,554
Deposits with Treasurer	89,351	99,322	89,351	99,322
Imprest account/cash on hand	69	74	69	74
Total cash	106,090	123,605	104,378	121,950

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is discussed in Note 32. The carrying amount of cash and cash equivalents represents fair value.

19 Receivables	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Patient/client fees				
Compensable	10,690	10,250	10,690	10,250
Aged care	-	6	-	6
Other	34,382	23,267	34,382	23,267
Workers compensation provision recoverable	6,236	3,375	6,236	3,375
Grants	64	-	64	-
Interest income receivable	66	113	-	-
Prepayments	1,297	951	1,148	782
Debtors	13,108	12,807	11,839	11,239
Receivables	65,843	50,769	64,359	48,919
Less: allowance for doubtful debts	(9,551)	(10,330)	(9,464)	(10,252)
Sundry receivables and accrued revenue	23,202	18,989	23,012	18,992
GST recoverable	1,767	3,191	1,816	3,247
Total current receivables	81,261	62,619	79,723	60,906
Non-Current				
Workers compensation provision recoverable	4,583	5,509	4,583	5,509
Debtors	185	188	185	188
Receivables	4,768	5,697	4,768	5,697
GST recoverable	930	995	930	995
Total non-current receivables	5,698	6,692	5,698	6,692
Total receivables	86,959	69,311	85,421	67,598

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. The Hospital's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure information

Refer to Note 32.

Bad and doubtful debts

The Hospital has recognised a bad and doubtful debt expense of \$1.993 million (\$2.017 million) in the Statement of Comprehensive Income.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	10,330	11,263	10,252	11,120
Amounts written off	(1,814)	(2,336)	(1,814)	(2,336)
Amounts recovered during the year	-	(63)	-	-
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	1,035	1,466	1,026	1,468
Carrying amount at the end of the period	9,551	10,330	9,464	10,252

Revision of accounting estimates

The provision for doubtful debts has previously been calculated using an assessment of collectability rates at a consolidated SA Health economic entity (group) level. In 2015-16 collectability rates specific to each public authority have been used, as it was decided such rates better reflect the credit risk applicable to each reporting entity comprising the group.

This has resulted in a decrease of \$0.061 million in the amount of doubtful debts expense calculated on these receivables in the 2015-16 financial year relative to that which would have been expensed based on the previous estimation of doubtful debts expense. It is impractical to estimate the effect on future years.

20 Inventories

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current - held for distribution				
Materials at cost:				
Drug supplies	12,698	12,790	12,698	12,790
Inventory imprest stock	7,478	3,457	7,478	3,457
Other	390	368	129	159
Total current inventories - held for distribution	20,566	16,615	20,305	16,406

21 Other financial assets

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits:				
Finance institutions	4,467	6,938	782	758
Other investments	5,684	7,343	2,099	7,343
Total current investments	10,151	14,281	2,881	8,101
Non-current				
Term deposits:				
Finance institutions	2,038	-	-	-
Other investments	433	3,303	1,150	1,150
Total non-current investments	2,471	3,303	1,150	1,150
Total investments	12,622	17,584	4,031	9,251

Categorisation and maturity analysis of other financial assets and risk exposure information

Refer to Note 32.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

22 Property, plant and equipment	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land and buildings				
Site land at fair value	164,776	196,760	164,776	196,760
Land at fair value	164,776	196,760	164,776	196,760
Buildings and improvements at fair value	315,289	324,534	315,289	324,534
Buildings and improvements under finance lease at fair value	20,300	20,300	20,300	20,300
Site improvements at fair value	17,571	21,151	17,571	21,151
Buildings and improvements under construction (work in progress)	90,022	35,613	90,022	35,613
Buildings and improvements	443,182	401,598	443,182	401,598
Accumulated amortisation - buildings and improvements under finance lease	1,001	77	1,001	77
Accumulated depreciation - buildings and improvements	28,846	1,552	28,846	1,552
Accumulated amortisation/depreciation	29,847	1,629	29,847	1,629
Total land, buildings and improvements	578,111	596,729	578,111	596,729
Leasehold improvements				
Leasehold improvements at fair value	22,081	20,260	22,081	20,260
Accumulated amortisation	6,542	5,397	6,542	5,397
Total leasehold improvements	15,539	14,863	15,539	14,863
Plant and equipment				
Computing equipment at cost (deemed fair value)	3,004	3,753	1,953	2,866
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	185,223	186,425	184,952	186,154
Motor vehicles at cost (deemed fair value)	3,397	3,397	3,363	3,363
Power generation and transmission at cost (deemed fair value)	371	328	371	328
Plant and equipment - major at cost (deemed fair value)	-	992	-	992
Other plant and equipment at cost (deemed fair value)	8,685	10,017	8,524	9,917
Plant and equipment under finance lease at fair value	434	434	434	434
Plant and equipment under construction (work in progress)	45,459	8,996	45,436	8,982
Total plant and equipment	246,573	214,342	245,033	213,036
Plant and equipment				
Accumulated depreciation - computing equipment	2,818	3,526	1,926	2,801
Accumulated depreciation - medical, surgical, dental and biomedical equipment	127,611	119,629	127,340	119,358
Accumulated depreciation - motor vehicles	1,230	951	1,208	935
Accumulated depreciation - power generation and transmission	122	108	122	108
Accumulated depreciation - other plant and equipment	5,639	6,479	5,541	6,431
Accumulated amortisation - plant and equipment under finance lease	340	297	340	297
Accumulated amortisation/depreciation	137,760	130,990	136,477	129,930
Total plant and equipment	108,813	83,352	108,556	83,106
Total property, plant and equipment	702,463	694,944	702,206	694,698

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Australian Valuation Solutions Pty Ltd, as at 1st June 2015.

The valuer arrived at the fair value of unrestricted land 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.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework*. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Hospital's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

Impairment

Impairment losses were recognised for property, plant and equipment assets as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Impairment of property, plant and equipment:				
Buildings and Improvements	7,963	54,181	7,963	54,181
Other plant and equipment	857	-	857	-
Total impairment of property, plant and equipment	8,820	54,181	8,820	54,181

Consolidated

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	196,760	364,356	14,863	35,613	611,592
Additions	-	52	-	63,772	63,824
Disposals	-	-	(639)	(29)	(668)
Transfer surplus assets to the Department	(24,678)	(6,677)	-	-	(31,355)
Revaluation increment/(decrement)	(7,306)	-	-	-	(7,306)
Impairment losses	-	(7,963)	-	-	(7,963)
Depreciation and amortisation	-	(31,923)	(2,087)	-	(34,010)
Transfers between asset classes	-	5,468	3,402	(9,334)	(464)
Carrying amount at the end of the period	164,776	323,313	15,539	90,022	593,650

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	202,800	536,642	5,868	30,108	775,418
Prior period adjustments - restructure	(2,550)	(17,894)	(1,620)	-	(22,064)
Additions	-	839	57	20,009	20,905
Assets received free of charge	160	-	-	-	160
Disposals	-	(60)	-	-	(60)
Revaluation increment/(decrement)	6,790	(51,885)	-	-	(45,095)
Loss on revaluation of buildings and improvements	-	(54,180)	-	-	(54,180)
Write offs	(350)	(81)	-	-	(431)
Depreciation and amortisation	-	(38,730)	(1,272)	-	(40,002)
Acquisition/(disposal) through transfers	(10,090)	(12,899)	-	-	(22,989)
Transfers between asset classes	-	2,604	11,836	(14,504)	(64)
Other movements	-	-	(6)	-	(6)
Carrying amount at the end of the period	196,760	364,356	14,863	35,613	611,592

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	66,796	227	8,996	7,333	83,352
Additions	6,225	136	43,180	141	49,682
Assets received free of charge	2,135	-	-	15	2,150
Disposals	(1,797)	-	-	(337)	(2,134)
Revaluation increment/(decrement)	-	-	-	(35)	(35)
Impairment losses	-	-	-	(857)	(857)
Donated Assets	(9)	-	-	-	(9)
Depreciation and amortisation	(22,642)	(191)	-	(967)	(23,800)
Transfers between asset classes	6,904	14	(6,717)	263	464
Carrying amount at the end of the period	57,612	186	45,459	5,556	108,813

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	49,247	467	7,889	9,571	67,174
Prior period adjustments - restructure	19,062	-	-	56	19,118
Additions	8,458	65	12,505	95	21,123
Assets received free of charge	-	-	-	18	18
Disposals	(131)	-	-	(21)	(152)
Write-Offs	(323)	-	(3,560)	(6)	(3,889)
Revaluation increment/(decrement)	2,172	-	-	35	2,207
Depreciation and amortisation	(20,895)	(262)	-	(904)	(22,061)
Transfers between asset classes	9,206	-	(7,838)	(1,494)	(126)
Other movements	-	(43)	-	(17)	(60)
Carrying amount at the end of the period	66,796	227	8,996	7,333	83,352

Other plant and equipment includes motor vehicles under finance lease, motor vehicles at cost, plant and equipment - major at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

Parent

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	196,760	364,356	14,863	35,613	611,592
Additions	-	52	-	63,772	63,824
Disposals	-	-	(639)	(29)	(668)
Transfer surplus assets to the Department	(24,678)	(6,677)	-	-	(31,355)
Revaluation increment/(decrement)	(7,306)	-	-	-	(7,306)
Impairment losses	-	(7,963)	-	-	(7,963)
Depreciation and amortisation	-	(31,923)	(2,087)	-	(34,010)
Transfers between asset classes	-	5,468	3,402	(9,334)	(464)
Carrying amount at the end of the period	164,776	323,313	15,539	90,022	593,650

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	202,800	536,642	5,868	30,108	775,418
Prior year adjustments- asset revaluation	(2,550)	(17,894)	(1,620)	-	(22,064)
Additions	-	839	57	20,009	20,905
Assets received free of charge	160	-	-	-	160
Disposals	-	(60)	-	-	(60)
Write offs	(350)	(81)	(6)	-	(437)
Revaluation increment/(decrement)	6,790	(51,885)	-	-	(45,095)
Loss on revaluation of buildings and improvements	-	(54,180)	-	-	(54,180)
Depreciation and amortisation	-	(38,730)	(1,272)	-	(40,002)
Acquisition/(disposal) through transfers	(10,090)	(12,899)	-	-	(22,989)
Transfers between asset classes	-	2,604	11,836	(14,504)	(64)
Carrying amount at the end of the period	196,760	364,356	14,863	35,613	611,592

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	66,796	65	8,982	7,263	83,106
Additions	6,225	29	43,157	92	49,503
Assets received free of charge	2,135	-	-	15	2,150
Disposals	(1,797)	-	-	(337)	(2,134)
Revaluation increment/(decrement)	-	-	-	(35)	(35)
Impairment losses	-	-	-	(857)	(857)
Donated assets	(9)	-	-	-	(9)
Depreciation and amortisation	(22,642)	(67)	-	(923)	(23,632)
Transfers between asset classes	6,904	-	(6,703)	263	464
Carrying amount at the end of the period	57,612	27	45,436	5,481	108,556

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at beginning of the period	49,241	162	7,889	9,481	66,773
Prior year adjustment - restructure	19,062	-	-	56	19,118
Additions	8,459	-	12,490	80	21,029
Assets received free of charge	-	-	-	18	18
Disposals	(131)	-	-	(21)	(152)
Revaluation increment/(decrement)	2,172	-	-	35	2,207
Write-offs	(323)	-	(3,559)	(10)	(3,892)
Depreciation and amortisation	(20,890)	(97)	-	(882)	(21,869)
Transfers between asset classes	9,206	-	(7,838)	(1,494)	(126)
Carrying amount at the end of the period	66,796	65	8,982	7,263	83,106

Other plant and equipment includes motor vehicles under finance lease, motor vehicles at cost, plant and equipment - major at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

23 Investment property	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Investment property (at fair value)	3,825	3,825	-	269
Impairment losses	-	-	-	(269)
Total investment property	3,825	3,825	-	-

Valuation of investment property

The valuation of the investment property located at Dalgleish Street, Thebarton was performed by Carol Simons, B Bus. Prop(Val), AAPI Certified Practicing Valuer, an independent valuer from Knight Frank Valuations as at 10 June 2014. 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.

Impairment

There were no indications of impairment of investment property assets at 30 June 2016.

Consolidated

Reconciliation of investment property

The following table shows the movement of investment property during 2015-16

	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	3,825	3,825
Carrying amount at the end of the period	3,825	3,825

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of investment property

The following table shows the movement of investment property during 2014-15

	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	4,094	4,094
Impairment losses	(269)	(269)
Carrying amount at the end of the period	3,825	3,825

Parent

Reconciliation of investment property

The following table shows the movement of investment property during 2014-15

	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	269	269
Impairment losses	(269)	(269)
Carrying amount at the end of the period	-	-

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Amounts recognised in the Statement of Comprehensive Income for investment property				
Rental income	483	483	-	-
Total amount recognised in the Statement of Comprehensive Income	483	483	-	-

24 Intangible assets	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Internally developed computer software	20	20	20	20
Accumulated amortisation (Internally developed)	(20)	(20)	(20)	(20)
Other computer software	18,155	18,155	18,155	18,155
Accumulated amortisation (Other computer software)	(6,251)	(3,879)	(6,251)	(3,879)
Other intangibles	2,395	2,395	-	-
Accumulated amortisation (Other intangibles)	(2,395)	(2,377)	-	-
Intangibles under construction (Work in progress)	18,814	6,732	18,814	6,732
Total intangible assets	30,718	21,026	30,718	21,008

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	6,732	14,276	18	21,026
Additions	12,082	1	-	12,083
Amortisation	-	(2,373)	(18)	(2,391)
Carrying amount at the end of the period	18,814	11,904	-	30,718

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	7,079	4,855	115	12,049
Additions	11,136	-	-	11,136
Disposals	-	-	4	4
Amortisation	-	(2,252)	(101)	(2,353)
Transfers between asset classes	(11,483)	11,673	-	190
Carrying amount at the end of the period	6,732	14,276	18	21,026

Parent

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	6,732	14,276	-	21,008
Additions	12,082	-	-	12,082
Amortisation	-	(2,372)	-	(2,372)
Carrying amount at the end of the period	18,814	11,904	-	30,718

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Other computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	7,079	4,855	(4)	11,930
Additions	11,136	-	-	11,136
Write-off non-current assets	-	-	4	4
Amortisation	-	(2,252)	-	(2,252)
Transfers between asset classes	(11,483)	11,673	-	190
Carrying amount at the end of the period	6,732	14,276	-	21,008

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

25 Fair Value Measurement

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:

The Consolidated Entity had no valuations categorised into Level 1.

Fair value measurements at 30 June 2016

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 22)	-	164,776	164,776	-	164,776	164,776
Buildings (Note 22)	-	323,313	323,313	-	323,313	323,313
Leasehold improvements (Note 22)	-	15,539	15,539	-	15,539	15,539
Plant and equipment (Note 22)	-	63,354	63,354	-	63,120	63,120
Investment property (Note 23)	3,825	-	3,825	-	-	-
Total recurring fair value measurements	3,825	566,982	570,807	-	566,748	566,748

Fair value measurements at 30 June 2015

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 22)	-	196,760	196,760	-	196,760	196,760
Buildings (Note 22)	-	364,356	364,356	-	364,356	364,356
Leasehold improvements (Note 22)	-	14,863	14,863	-	14,863	14,863
Plant and equipment (Note 22)	-	74,356	74,356	-	74,124	74,124
Investment property (Note 23)	3,825	-	3,825	-	-	-
Total recurring fair value measurements	3,825	650,335	654,160	-	650,103	650,103

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.

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 were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings have been classified as Level 3.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Consolidated

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Land	Buildings and site/ leasehold improve- ments	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	196,760	379,219	74,356	650,335
Additions	-	52	6,502	6,554
Transfers into Level 3 *	-	8,870	7,181	16,051
Assets received free of charge	-	-	2,150	2,150
Disposals	-	(639)	(2,134)	(2,773)
Transfer surplus assets to DH	(24,678)	(6,677)	-	(31,355)
Donated Assets	-	-	(9)	(9)
Gains/(losses) for the period recognised in net result:				
- Impairment losses/reversals	-	(7,963)	(857)	(8,820)
- Depreciation and amortisation	-	(34,010)	(23,800)	(57,810)
Total gains/(losses) recognised in net result	-	(41,973)	(24,657)	(66,630)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	(7,306)	-	(35)	(7,341)
Total gains/(losses) recognised in OCI	(7,306)	-	(35)	(7,341)
Carrying amount at the end of the period	164,776	338,852	63,354	566,982

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land	Buildings and site/ leasehold improve- ments	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	202,800	542,510	59,285	804,595
Prior period adjustments - restructure	(2,550)	(19,514)	19,118	(2,946)
Additions	-	896	8,618	9,514
Assets received free of charge	160	-	18	178
Disposals	-	(60)	(152)	(212)
Write-off non-current assets	(350)	(81)	(329)	(760)
Loss on revaluation of buildings and improvements	-	(54,180)	-	(54,180)
Acquisition/(disposal) through transfers	(10,090)	(12,899)	-	(22,989)
Transfer into Level 3 *	-	14,440	7,712	22,152
Other movements	-	(6)	(60)	(66)
Gains/(losses) for the period recognised in net result:				
- Depreciation and amortisation	-	(40,002)	(22,061)	(62,063)
Total gains/(losses) recognised in net result	-	(40,002)	(22,061)	(62,063)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	6,790	(51,885)	2,207	(42,888)
Total gains/(losses) recognised in OCI	6,790	(51,885)	2,207	(42,888)
Carrying amount at the end of the period	196,760	379,219	74,356	650,335

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

* The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

Parent

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Investment properties \$'000	Total \$'000
Carrying amount at the beginning of the period	196,760	379,219	74,124	-	650,103
Additions	-	52	6,346	-	6,398
Assets received free of charge	-	-	2,150	-	2,150
Disposals	-	(639)	(2,134)	-	(2,773)
Transfers into Level 3 *	-	8,870	7,167	-	16,037
Donated assets	-	-	(9)	-	(9)
Transfer surplus assets to the Department	(24,678)	(6,677)	-	-	(31,355)
Gains/(losses) for the period recognised in net result:					
- Impairment losses/reversals	-	(7,963)	(857)	-	(8,820)
- Depreciation and amortisation	-	(34,010)	(23,632)	-	(57,642)
Total gains/(losses) recognised in net result	-	(41,973)	(24,489)	-	(66,462)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)					
- Revaluation increment/(decrement)	(7,306)	-	(35)	-	(7,341)
Total gains/(losses) recognised in OCI	(7,306)	-	(35)	-	(7,341)
Carrying amount at the end of the period	164,776	338,852	63,120	-	566,748

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Investment properties \$'000	Total \$'000
Carrying amount at the beginning of the period	202,800	542,510	58,884	269	804,463
Prior period adjustments - restructure	(2,550)	(19,514)	19,118	-	(2,946)
Additions	-	896	8,539	-	9,435
Assets received free of charge	160	-	18	-	178
Disposals	-	(60)	(152)	-	(212)
Write-off non-current assets	(350)	(87)	(333)	-	(770)
Acquisition/(disposal) through transfers	(10,090)	(12,899)	-	-	(22,989)
Transfer into Level 3 *	-	14,440	7,712	-	22,152
Loss on revaluation of buildings and improvements	-	(54,180)	-	-	(54,180)
Gains/(losses) for the period recognised in net result:					
- Impairment losses/reversals	-	-	-	(269)	(269)
- Depreciation and amortisation	-	(40,002)	(21,869)	-	(61,871)
Total gains/(losses) recognised in net result	-	(40,002)	(21,869)	(269)	(62,140)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)					
- Revaluation increment/(decrement)	6,790	(51,885)	2,207	-	(42,888)
Total gains/(losses) recognised in OCI	6,790	(51,885)	2,207	-	(42,888)
Carrying amount at the end of the period	196,760	379,219	74,124	-	650,103
Restated carrying amount at the end of the period	196,760	379,219	74,124	-	650,103

* The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

26 Payables	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	97,653	71,587	96,807	70,943
Paid Parental Leave Scheme payable	112	205	112	205
Staff on-costs	16,012	15,359	15,976	15,329
Other payables	3,534	3,641	3,534	3,641
Total current payables	117,311	90,792	116,429	90,118
Non-current				
Creditors and accrued expenses	268	104	268	104
Staff on-costs	11,124	9,852	11,124	9,852
Total non-current payables	11,392	9,956	11,392	9,956
Total payables	128,703	100,748	127,821	100,074

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the proportion of long service leave taken as leave has remained the same as the 2015 rate of 51.00% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.12%) to 10.03%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an decrease in the employment on-cost of \$0.276 million. The estimated impact on 2017 and 2018 is \$0.287 million and \$0.299 million respectively.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 32.

27 Borrowings	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Finance lease	718	679	718	679
Total current borrowings	718	679	718	679
Non-current				
Finance lease	10,228	10,946	10,228	10,946
Total non-current borrowings	10,228	10,946	10,228	10,946
Total borrowings	10,946	11,625	10,946	11,625

Categorisation of financial instruments, maturity analysis of payables and risk exposure information

Refer to Note 32.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

28 Staff benefits	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	107,304	98,691	107,078	98,491
Long service leave	32,439	29,355	32,203	29,141
Accrued salaries and wages	36,356	32,169	36,253	32,078
Fringe benefits tax	10	9	-	-
Skills and experience retention leave	10,076	8,156	10,076	8,156
Other	116	56	116	56
Total current staff benefits	186,301	168,436	185,726	167,922
Non-current				
Long service leave	218,047	177,131	218,025	177,114
Total non-current staff benefits	218,047	177,131	218,025	177,114
Total staff benefits	404,348	345,567	403,751	345,036

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. AASB119 requires the use of a yield on long term Commonwealth Government bonds which matches the expected term of the liabilities as the discount rate in the measurement of the long service leave liability. The appropriate yield on long term Commonwealth Government bonds has decreased from 2015 (2.85%) to 2016 1.90%.

This decrease of the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the change in the current financial year is an increase in the long service leave liability of \$17.506 million and staff benefit expense of \$18.401 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Mercer Consulting (Australia) Pty Ltd changed the salary inflation rate from 3.00% for long service leave liability to 4.00%. The net financial effect of the change in salary inflation in the current financial year is an increase in the long service leave liability of \$17.194 million and employee benefit expense of \$18.074 million. The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3.00% for annual leave and skills, experience and retention leave liability. As a result there was no net financial effect resulting from changes in the salary inflation rate.

29 Provisions

	Note	Consolidated		Parent	
		2016	2015	2016	2015
Current		\$'000	\$'000	\$'000	\$'000
Provision for workers compensation	29.1	12,075	10,107	12,075	10,107
Total current provisions		12,075	10,107	12,075	10,107
Non-current					
Provision for workers compensation	29.1	16,122	20,432	16,122	20,432
Total non-current provisions		16,122	20,432	16,122	20,432
Total provisions		28,197	30,539	28,197	30,539

29.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	30,539	36,295	30,539	36,295
Increase in provisions recognised	3,134	(2,054)	3,134	(2,054)
Reductions arising from payments/other sacrifices of future economic benefits	(5,476)	(3,702)	(5,476)	(3,702)
Carrying amount at the end of the period	28,197	30,539	28,197	30,539

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector. These claims are expected to be settled within the next financial year.

30 Other liabilities

	Consolidated		Parent	
	2016	2015	2016	2015
Current	\$'000	\$'000	\$'000	\$'000
Unclaimed monies	467	902	467	902
Unearned revenue	1,230	1,603	1,230	1,603
Lease incentive	160	160	160	160
Other	613	1,337	613	1,337
Total current other liabilities	2,470	4,002	2,470	4,002

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Non-current				
Unearned revenue	858	941	858	941
Lease incentive	1,353	1,430	1,353	1,430
Other	692	668	692	668
Total non-current other liabilities	2,903	3,039	2,903	3,039
Total other liabilities	5,373	7,041	5,373	7,041

31 Equity	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Asset revaluation surplus	14,277	31,646	14,277	31,646
Other reserves	36	935	-	-
Retained earnings	371,363	418,809	356,694	404,950
Total equity	385,676	451,390	370,971	436,596

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 represents an investments revaluation reserve that was created upon adoption of AASB132 *Financial Instruments: Presentation* and AASB139 *Financial Instruments: Recognition and Measurement* from 1 July 2005 to record unrealised gains or losses on available for sale investments.

32 Financial instruments/financial risk management

32.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and 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 is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

32.2 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 Note 2.

Refer to Table 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 19 and 26).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 27).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 21).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

32.3 Liquidity risk

Liquidity risk arises from the possibility that the Hospital is unable to meet its financial obligations as they fall due. The continued existence of the Hospital is dependent on State Government policy and on continued funding from the Department for the Hospital's administration and program delivery. The Hospital settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Hospital's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 32.3 represent the Hospital's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by the Hospital including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Table 32.3 Categorisation and maturity analysis of financial assets and liabilities

Consolidated						
	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	18, 36	106,090	106,090	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	19	71,896	71,885	-	11	-
Held to maturity investments						
Other financial assets	21	12,622	10,151	-	2,471	-
Total financial assets		190,608	188,126	-	2,482	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	101,076	100,808	-	268	-
Other financial liabilities	30	3,285	1,080	160	435	1,610
Finance lease liability	27, 33	10,946	-	718	3,310	6,918
Total financial liabilities		115,307	101,888	878	4,013	8,528

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	18, 36	123,605	123,605	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	19	55,044	55,034	-	10	-
Held to maturity investments						
Other financial assets	21	17,584	14,281	-	3,303	-
Total financial assets		196,233	192,920	-	3,313	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	74,954	74,850	-	104	-
Other financial liabilities	30	4,497	2,240	160	444	1,653
Finance lease liability	27, 33	11,625	-	679	3,130	7,816
Total financial liabilities		91,076	77,090	839	3,678	9,469

Parent

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	18, 36	104,378	104,378	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	19	70,458	70,447	-	11	-
Held to maturity investments						
Other financial assets	21	4,031	2,881	-	1,150	-
Total financial assets		178,867	177,706	-	1,161	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	100,230	99,962	-	268	-
Other financial liabilities	30	3,285	1,080	160	435	1,610
Finance lease liability	33	10,946	-	718	3,310	6,918
Total financial liabilities		114,461	101,042	878	4,013	8,528

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	18, 36	121,950	121,950	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	19	53,444	53,434	-	10	-
Held to maturity investments						
Other financial assets	21	9,251	8,101	-	1,150	-
Total financial assets		184,645	183,485	-	1,160	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	74,310	74,206	-	104	-
Other financial liabilities	30	4,497	2,240	160	444	1,653
Finance lease liability	33	11,625	-	679	3,130	7,816
Total financial liabilities		90,432	76,446	839	3,678	9,469

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 22 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

Credit risk arises when there is the possibility of the Hospital's debtors defaulting on their contractual obligations resulting in financial loss to the Hospital. The Hospital measures credit risk on a fair value basis and monitors risk on a regular basis.

The Hospital has minimal concentration of credit risk. The Hospital does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 19 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 32.4 represents the Hospital's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 32.4 Ageing analysis of financial assets

Consolidated						
2016	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	Impaired financial assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	106,090	106,090	-	-	-	-
Receivables ⁽¹⁾	71,896	42,815	8,786	6,843	13,452	9,551
Other financial assets	12,622	12,622	-	-	-	-
	190,608	161,527	8,786	6,843	13,452	9,551

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2015	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	123,605	123,605	-	-	-	-
Receivables ⁽¹⁾	55,044	32,227	3,184	4,197	15,436	10,330
Other financial assets	17,584	17,584	-	-	-	-
	196,233	173,416	3,184	4,197	15,436	10,330

Parent

2016	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	104,378	104,378	-	-	-	-
Receivables ⁽¹⁾	70,458	41,784	8,584	6,716	13,374	9,464
Other financial assets	4,031	4,031	-	-	-	-
	178,867	150,193	8,584	6,716	13,374	9,464

2015	Carrying amount	Not past due and not impaired	Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	Impaired financial assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	121,950	121,950	-	-	-	-
Receivables ⁽¹⁾	53,444	31,583	2,723	3,912	15,226	10,252
Other financial assets	9,251	9,251	-	-	-	-
	184,645	162,784	2,723	3,912	15,226	10,252

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

32.5 Market risk

Market risk for the Hospital is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. Any exposure to foreign currency risks is managed by SAFA.

32.6 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Hospital as it has been determined that the possible impact on comprehensive income or total equity from fluctuations in interest rates is immaterial.

33 Unrecognised contractual commitments

33.1 Operating lease revenue commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:				
Within one year	80	406	-	326
Later than one year but not longer than five years	1,750	809	-	-
Total operating lease revenue commitments	1,830	1,215	-	326

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

33.2 <i>Operating lease expenditure commitments</i>	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	10,596	12,240	10,543	12,090
Later than one year but not longer than five years	21,348	24,331	21,344	24,290
Later than five years	25,269	27,836	25,269	27,836
Total operating lease commitments	57,213	64,407	57,156	64,216
Representing:				
Non-cancellable operating leases	57,213	64,407	57,156	64,216
Total operating lease commitments	57,213	64,407	57,156	64,216

The Hospital has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee.

33.3 <i>Finance lease liabilities commitments</i>	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	2,100	2,086	2,100	2,086
Later than one year but not longer than five years	8,401	8,346	8,401	8,346
Later than five years	13,129	15,126	13,129	15,126
Total finance lease commitments	23,630	25,558	23,630	25,558
Less future finance lease charges and contingent rentals	(12,684)	(13,933)	(12,684)	(13,933)
Amount recognised as a liability	10,946	11,625	10,946	11,625
Total finance lease commitments	10,946	11,625	10,946	11,625

Included in finance lease commitments above is \$0.996 million (\$1.057 million) which is the GST component of the finance lease commitments.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
The present value of finance leases payable is as follows:				
Within one year	718	679	718	679
Later than one year but not longer than five years	3,310	3,130	3,310	3,130
Later than five years	6,918	7,816	6,918	7,816
Present value of finance leases	10,946	11,625	10,946	11,625

Included in the Statement of Financial Position as:

Current borrowings (Note 27)	718	679	718	679
Non-current borrowings (Note 27)	10,228	10,946	10,228	10,946
Total included in borrowings	10,946	11,625	10,946	11,625

The Hospital finance lease is for the lease of the RAH car park. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

New Royal Adelaide Hospital financing arrangements

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium (SAHP) to build, operate, maintain and provide non-medical support services for the new Royal Adelaide Hospital (new RAH). Upon completion it will be the largest, most technologically advanced hospital in South Australia and one of the most advanced in Australia. This arrangement is considered to be a Public Private Partnership (PPP).

Construction of the new RAH is expected to be completed in the 2016-17 financial year at a nominal total design and construction cost of \$1.850 billion. Once construction is completed and commercial acceptance has been reached, the Hospital will commence operating the new RAH to provide all core clinical services, staffing, teaching, training and research.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Under the arrangement, SAHP will maintain and provide non-medical support services including facilities management by Spotless and information communication technology (ICT) support and maintenance by Hewlett Packard for the duration of the contract.

At commercial acceptance, the Hospital will record a finance lease to recognise the new RAH as a leased asset and a liability for the amount to be repaid over the lease period. In addition, other commitments associated with the PPP arrangement (e.g. facilities management, ICT) will be recognised at commercial acceptance.

At the conclusion of the contract in 2046, the Hospital will take ownership of the new RAH. SAHP have an obligation to deliver the new RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

An additional amount of \$476.500* million of state works expenditure has been budgeted for by the Hospital in relation to the new RAH and detailed in Note 33.4 below. These works comprise of core clinical equipment, precinct works, project management costs and transition works. A portion of these costs will be capitalised where the costs meet the definition and recognition criteria of an asset. Expenditure from project inception to 30 June 2016 amounted to \$267.669 million, including program office expenses of \$102.185 million, capital works expenditure of \$132.708 million and other costs of \$32.777 million.

* This budgeted amount includes \$1.345 million of the \$36.535 million paid to SAHP in August 2016 for delay costs under a Deed of Settlement and Release executed between the State and SAHP in September 2015.

33.4 Expenditure Commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Capital commitments				
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:				
Within one year	56,704	43,412	56,597	43,412
Total capital commitments	56,704	43,412	56,597	43,412

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

Included in capital expenditure commitments above is \$54.858 million (\$42.527 million) which relates directly to new RAH capital expenditure commitments.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenditure commitments				
Within one year	38,144	29,367	38,009	29,367
Later than one year but not longer than five years	13,288	1,962	13,288	1,962
Later than five years	21,415	197	21,415	197
Total other commitments	72,847	31,526	72,712	31,526

The Hospital expenditure commitments are for agreements for goods and services ordered but not received.

Included in other expenditure commitments above is \$52.123 million (\$15.776 million) which relates directly to the new RAH other expenditure commitments.

34 Transferred functions

Transferred in 2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc.

	Consolidated	Parent
	2016	2016
	\$'000	\$'000
Liabilities transferred were:		
Staff benefit expense	1,963	1,963
Total liabilities	1,963	1,963
Total net assets transferred	(1,963)	(1,963)

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the Local Health Networks and the SA Ambulance Service Inc.

	Consolidated	Parent
	2015	2015
	\$'000	\$'000
Liabilities transferred were:		
Payables	81	81
Staff benefits	1,391	1,391
Total liabilities	1,472	1,472
Total net assets transferred	(1,472)	(1,472)

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.

Transferred Out

2015-16

- Following a review of SA Pathology to improve service and business performance, effective 1 July 2015, the Chief Executive of the Department approved the transfer of the Information and Communication Technology function from the Central Adelaide Local Health Network (SA Pathology) to the eHealth Systems division of the Department.

	Consolidated	Parent
	2016	2016
	\$'000	\$'000
Liabilities transferred were:		
Staff benefits	1,281	1,281
Total liabilities	1,281	1,281
Total net assets transferred	(1,281)	(1,281)

2014-15

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 3 November 2014, inventory associated with the Royal Adelaide Hospital (RAH), Hampstead Rehabilitation Centre and the Queen Elizabeth Hospital were transferred to the Distribution Centre Division of the Department. Effective 25 May 2015, inventory associated with SA Pathology was transferred to the Distribution Centre Division of the Department.

	Consolidated	Parent
	2015	2015
	\$'000	\$'000
Assets transferred were:		
Inventory	1,507	1,507
Total assets	1,507	1,507
Total net assets transferred	1,507	1,507

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

35 Contingent assets and liabilities

The Hospital is not aware of any contingent assets.

During the past years, the Royal Adelaide Hospital engaged a number of maintenance contractors. These contractors have successfully lodged claims seeking employee entitlements valued at \$0.323 million. These claims were settled during the 2015-16 financial year. Similar claims for a further 2 contractors remain outstanding as at the end of the financial year. The circumstances around each individual claim will determine its success or otherwise and as such it is not possible to reliably measure the value of any contingent liability.

The Hospital has a lease arrangement in place for the new RAH (refer to Note 33 Unrecognised contractual commitments for details) and is expected to have a leased asset and finance lease obligation to be recognised in the Statement of Financial Position. At this time, the exact timing of this recognition is dependent upon commercial acceptance being reached, which is currently anticipated in the 2016-17 financial year. This is reliant upon strict commercial acceptance criteria being met.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

The new RAH project is being delivered under a public-private partnership agreement with SA Health Partnership Nominees Pty Limited (SAHP). The revised commercial acceptance date of 3 July 2016 has now passed, and it is unknown when the actual technical completion and handover will occur. The agreement with SAHP provides a regime that allows SAHP to submit claims for additional time to complete and associated compensation to an Independent Certifier who assesses each claim on its merits. To date, all such claims assessed by the Independent Certifier have been rejected. Furthermore, various commercial matters are currently being heard in the Supreme Court of South Australia at this point in time.

The hospital is also aware of other potential claims associated with the new RAH project and the final outcome and any associated costs cannot be reliably determined at this time.

The hospital and the new RAH developer are currently negotiating the final cost of modifications to furniture, fitting and equipment, State works design development and information and communications technology. Due to the uncertainty around the final amount, it is impractical to recognise a liability at this point in time. The final cost is subject to negotiations, but is expected to be not more than \$1.451 million.

Guarantees

The Hospital has made no guarantees.

36 Cash flow reconciliation

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	106,090	123,605	104,378	121,950
Cash as per Statement of Financial Position	106,090	123,605	104,378	121,950
Balance as per Statement of Cash Flows	106,090	123,604	104,378	121,950
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	96,642	12,174	96,228	12,674
Revenues from/(payments) to SA Government	(1,619,453)	(1,488,810)	(1,619,453)	(1,488,810)
Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(60,201)	(60,626)	(60,014)	(60,300)
Impairment of non-current assets	(8,820)	(68)	(8,820)	(12)
Gain/(loss) on sale or disposal of non-current assets	(2,787)	(4,778)	(2,787)	(4,778)
Increments/decrements on revaluation of non-current assets	(5,244)	(1,367)	(5,244)	(1,367)
Loss on revaluation of buildings and improvements	-	(54,182)	-	(54,182)
Assets acquired at no cost or nominal consideration	2,150	178	2,150	178
Revenue credited directly to investments	1,032	26	24	26
Capital revenues	8,410	-	8,410	-
Acquisitions from DHA Capital Program	-	13,895	-	13,896
Declared surplus assets transferred to the Department	(31,355)	(22,989)	(31,355)	(22,988)
Loss on sale of investments	(29)	-	-	-
Donated Assets	(9)	-	(9)	-
Fixed Asset Prior Period Adjustment	-	(6,736)	-	(6,736)
Prior Period Adjustment to Retained Earnings	-	17,213	-	17,213
Movement in assets/liabilities				
Increase/(Decrease) in receivables	17,647	(8,610)	17,821	(9,721)
Increase/(Decrease) in inventories	3,951	9,322	3,899	9,371
(Increase)/Decrease in staff benefits	(58,099)	(30,109)	(47,232)	(29,948)
(Increase)/Decrease in payables and provisions	(21,748)	(440)	(32,341)	(170)
(Increase)/Decrease in other liabilities	1,668	(4,232)	1,668	(4,232)
Net cost of providing services	(1,676,245)	(1,630,139)	(1,677,055)	(1,629,886)

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37 Interests in other entities

The Consolidated Entity through its control of the Hospitals has interests in a number of other entities as detailed below.

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in Medvet. Medvet is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia.

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%
South Australian Cancer Genome Facility	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Provide cost effective and high quality genomics services and support research into the initiation and progression of, and treatment and genetic determinants for cancer, to provide access to the equipment within the facility.	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.

38 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Consolidated

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
EXPENSES						
4 Staff benefit expenses	4,550	3,934	1,340,536	1,257,368	1,345,086	1,261,302
Salaries and wages	-	-	1,055,873	1,024,591	1,055,873	1,024,591
TVSP	-	-	975	2,170	975	2,170
Long service leave (LSL)	-	-	59,824	22,177	59,824	22,177
Annual leave	-	-	96,060	92,259	96,060	92,259
Skills and experience retention leave (SERL)	-	-	4,882	4,259	4,882	4,259
Employment on-costs - superannuation	-	-	107,817	106,270	107,817	106,270
Employment on-costs - other	238	230	-	-	238	230
Workers compensation	34	36	11,188	2,465	11,222	2,501
Board and committee fees	-	-	232	192	232	192
Other staff related expenses	4,278	3,668	3,685	2,985	7,963	6,653

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
6 Depreciation and amortisation expense	-	-	60,201	64,416	60,201	64,416
Buildings and improvements	-	-	30,140	36,206	30,140	36,206
Site improvements	-	-	860	1,651	860	1,651
Computing equipment	-	-	191	262	191	262
Medical, surgical, dental and biomedical equipment	-	-	22,642	20,895	22,642	20,895
Motor vehicles	-	-	280	243	280	243
Power generation and transmission	-	-	14	11	14	11
Other plant and equipment	-	-	630	641	630	641
Buildings and improvements under finance lease	-	-	923	873	923	873
Leasehold improvements	-	-	2,087	1,272	2,087	1,272
Plant and equipment under finance lease	-	-	43	9	43	9
Intangible assets	-	-	2,391	2,353	2,391	2,353
7 Grants and subsidies	-	3,421	5,055	3,770	5,055	7,191
Recurrent grants	-	-	2	-	2	-
Capital grants	-	3,401	-	-	-	3,401
Subsidies	-	-	300	512	300	512
Funding to non-government organisations	-	-	4,753	3,258	4,753	3,258
Other	-	20	-	-	-	20
8 Borrowing costs	-	-	584	618	584	618
Finance charges on finance leases	-	-	584	618	584	618
15 Net loss from disposal of non-current and other assets	-	-	2,787	4,778	2,787	4,778
Total proceeds from disposal	-	-	(15)	(19)	(15)	(19)
Less total value of assets disposed	-	-	2,802	4,797	2,802	4,797
9 Other expenses	46,501	82,297	50,538	39,329	97,039	121,626
Bad and doubtful debts	-	-	1,993	2,017	1,993	2,017
Bank fees and charges	-	-	64	108	64	108
Deed of Settlement	-	-	36,535	-	36,535	-
Donated assets expense	9	-	-	-	9	-
Impairment expense	8,820	54,181	-	-	8,820	54,181
Net loss on revaluation of shares	-	-	5,244	1,376	5,244	1,376
Net loss on sale of investments	-	-	29	-	29	-
Royalty payments	4,296	4,027	6,813	6,172	11,109	10,199
Soil remediation expenses	-	-	-	20,000	-	20,000
Assets transferred to the Department	31,355	22,433	-	-	31,355	22,433
Other (excluding audit fees)	2,021	1,656	(140)	9,656	1,881	11,312
10 Auditor's remuneration	476	433	2	-	478	433
Auditor fees - auditing financial statements	476	433	2	-	478	433
TOTAL EXPENSES	51,527	90,085	1,459,703	1,370,279	1,511,230	1,460,364
INCOME						
11 Revenue from fees and charges	80,978	78,956	231,918	222,198	312,896	301,154
Ambulance transport	118	111	43	11	161	122
Fines, fees and penalties	-	-	145	161	145	161
Insurance recoveries from health services	452	568	-	-	452	568
Patient and client fees	42,995	42,998	172,339	162,247	215,334	205,245
Private practice fees	-	-	31,488	32,813	31,488	32,813
Recoveries	32,629	30,526	10,107	7,194	42,736	37,720
Sale of goods - medical supplies	160	67	44	72	204	139
Other user charges and fees	4,624	4,686	17,752	19,700	22,376	24,386

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
12 Grants and contributions	2,568	2,049	183,441	139,636	186,009	141,685
Commonwealth grants and donations	-	-	5,959	8,287	5,959	8,287
Pharmaceutical benefits scheme	-	-	164,233	119,554	164,233	119,554
Other grants and contributions from SA Government agencies	2,568	2,049	-	-	2,568	2,049
Private sector capital contributions	-	-	-	18	-	18
Private sector grants and contributions	-	-	13,249	11,777	13,249	11,777
13 Interest revenue	1,650	2,227	399	852	2,049	3,079
Interest from SAFA	-	1,161	-	-	-	1,161
Bank interest	-	-	399	852	399	852
Interest on Special Purpose Funds (SPF)	1,650	1,066	-	-	1,650	1,066
14 Resources received free of charge	2,105	-	45	178	2,150	178
Land and improvements	-	-	-	160	-	160
Plant and equipment	2,105	-	45	18	2,150	18
16 Other revenue	286	187	35,892	33,685	36,178	33,872
Commissions revenue	-	-	20	20	20	20
Carpark revenue	-	-	3,611	3,555	3,611	3,555
Dividend revenue	-	-	151	91	151	91
Royalty income	-	-	15,892	14,667	15,892	14,667
Training revenue	-	-	84	14	84	14
Donations received	3	2	6,722	8,064	6,725	8,066
Other	283	185	9,412	7,274	9,695	7,459
17 Revenue from SA Government	1,619,453	1,488,810	-	-	1,619,453	1,488,810
Recurrent funding	1,455,780	1,390,490	-	-	1,455,780	1,390,490
Capital funding	163,673	97,466	-	-	163,673	97,466
TVSP recovery funds from Department of Treasury and Finance	-	854	-	-	-	854
TOTAL INCOME	1,707,040	1,572,229	451,695	396,549	2,158,735	1,968,778
FINANCIAL ASSETS						
18 Cash and cash equivalents	89,351	99,322	16,739	24,283	106,090	123,605
Cash at bank or on hand - non-government financial institutions	-	-	16,670	24,209	16,670	24,209
Deposits with Treasurer	89,351	99,322	-	-	89,351	99,322
Imprest account/cash on hand	-	-	69	74	69	74
19 Receivables	11,615	10,231	75,344	59,080	86,959	69,311
Patient/client fees	-	-	-	-	-	-
Compensable	-	-	10,690	10,250	10,690	10,250
Aged care	-	-	-	6	-	6
Other	236	-	34,146	23,267	34,382	23,267
Workers compensation provision recoverable	10,819	8,884	-	-	10,819	8,884
Grants	-	-	64	-	64	-
Interest income receivable	-	-	66	113	66	113
Prepayments	-	-	1,297	951	1,297	951
Debtors	560	1,347	12,733	11,648	13,293	12,995
Less: allowance for doubtful debts	-	-	(9,551)	(10,330)	(9,551)	(10,330)
Sundry receivables and accrued revenue	-	-	23,202	18,989	23,202	18,989
GST recoverable	-	-	2,697	4,186	2,697	4,186
21 Other financial assets	-	-	12,622	17,584	12,622	17,584
Finance institutions	-	-	6,505	6,938	6,505	6,938
Other investments	-	-	6,117	10,646	6,117	10,646
TOTAL FINANCIAL ASSETS	100,966	109,553	104,705	100,947	205,671	210,500

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

FINANCIAL LIABILITIES						
Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
26 Payables	5,416	6,854	123,287	93,894	128,703	100,748
Creditors and accrued expenses	5,324	6,854	92,597	64,837	97,921	71,691
Paid Parental Leave Scheme payable	-	-	112	205	112	205
Employment on-costs	-	-	27,136	25,211	27,136	25,211
Other payables	92	-	3,442	3,641	3,534	3,641
27 Borrowings	-	-	10,946	11,625	10,946	11,625
Finance lease	-	-	10,946	11,625	10,946	11,625
30 Other liabilities	-	-	5,373	7,041	5,373	7,041
Unclaimed monies	-	-	467	902	467	902
Unearned revenue	-	-	2,088	2,544	2,088	2,544
Lease incentive	-	-	1,513	1,590	1,513	1,590
Other	-	-	1,305	2,005	1,305	2,005
TOTAL FINANCIAL LIABILITIES	5,416	6,854	139,606	112,560	145,022	119,414

Parent						
Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
4 Staff benefit expenses	4,278	3,668	1,335,077	1,252,142	1,339,355	1,255,810
Salaries and wages	-	-	1,051,269	1,020,231	1,051,269	1,020,231
TVSP	-	-	975	2,170	975	2,170
Long service leave (LSL)	-	-	59,770	22,084	59,770	22,084
Annual leave	-	-	95,828	92,066	95,828	92,066
Skills and experience retention leave (SERL)	-	-	4,882	4,259	4,882	4,259
Employment on-costs - superannuation	-	-	107,376	105,850	107,376	105,850
Workers compensation	-	-	11,188	2,464	11,188	2,464
Board and committee fees	-	-	144	67	144	67
Other staff related expenses	4,278	3,668	3,645	2,951	7,923	6,619
5 Supplies and services	163,057	152,856	538,340	494,022	701,397	646,878
Administration	2,276	2,412	7,197	7,080	9,473	9,492
Advertising	184	259	320	570	504	829
Communication	1,556	1,264	2,317	2,004	3,873	3,268
Computing	14,055	13,642	5,678	5,255	19,733	18,897
Contractors	247	395	18,590	14,754	18,837	15,149
Contractors - agency staff	7,840	10,102	29,817	28,819	37,657	38,921
Consultants	-	-	2,265	2,067	2,265	2,067
Contract of services	-	-	11	2	11	2
Drug supplies	1,613	1,037	185,694	143,000	187,307	144,037
Electricity, gas and fuel	185	187	11,851	13,411	12,036	13,598
Fee for service	1,284	1,265	23,012	15,076	24,296	16,341
Food supplies	320	207	8,732	8,981	9,052	9,188
Health surveys	-	-	29	18	29	18
Housekeeping	2,121	1,734	38,467	38,902	40,588	40,636
Insurance	8,659	8,484	651	574	9,310	9,058
Internal SA Health SLA payments	23,416	24,883	-	-	23,416	24,883
Legal	663	342	183	25	846	367
Medical, surgical and laboratory	33,531	25,903	121,632	123,942	155,163	149,845
Minor equipment	3,856	2,267	6,049	5,651	9,905	7,918
Motor vehicle expenses	1,989	1,430	138	509	2,127	1,939
Occupancy rent and rates	8,332	3,872	8,241	10,068	16,573	13,940
Patient transport	6,717	5,616	1,883	1,688	8,600	7,304
Payments to Shared Services SA	10,115	10,713	-	-	10,115	10,713
Periodical, journals and publications	59	306	383	324	442	630
Postage	84	101	6,701	6,344	6,785	6,445
Printing and stationery	1,930	909	4,564	5,755	6,494	6,664
Rental expense on operating lease	775	1,317	969	676	1,744	1,993

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	Repairs and maintenance	27,200	30,494	2,879	12,069	30,079	42,563
		SA Government		Non-SA Government		Total	
Note		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Security	143	361	10,469	9,694	10,612	10,055
	Staff training and development	79	144	10,711	11,540	10,790	11,684
	Staff travel expenses	7	5	10,875	9,880	10,882	9,885
	Waste removal	-	2	1,103	312	1,103	314
	Other supplies and services	3,821	3,203	16,929	15,032	20,750	18,235
6	Depreciation and amortisation expense	-	-	60,014	64,123	60,014	64,123
	Buildings and improvements	-	-	30,140	36,206	30,140	36,206
	Site improvements	-	-	860	1,651	860	1,651
	Computing equipment	-	-	67	97	67	97
	Medical, surgical, dental and biomedical equipment	-	-	22,642	20,890	22,642	20,890
	Motor vehicles	-	-	273	236	273	236
	Power generation and transmission	-	-	14	11	14	11
	Other plant and equipment	-	-	593	626	593	626
	Buildings and improvements under finance lease	-	-	923	873	923	873
	Leasehold improvements	-	-	2,087	1,272	2,087	1,272
	Plant and equipment under finance lease	-	-	43	9	43	9
	Intangible assets	-	-	2,372	2,252	2,372	2,252
7	Grants and subsidies	-	3,421	4,755	3,258	4,755	6,679
	Recurrent grants	-	-	2	-	2	-
	Capital grants	-	3,401	-	-	-	3,401
	Funding to non-government organisations	-	-	4,753	3,258	4,753	3,258
	Other	-	20	-	-	-	20
8	Borrowing costs	-	-	584	618	584	618
	Finance charges on finance leases	-	-	584	618	584	618
15	Net loss from disposal of non-current and other assets	-	-	2,787	4,778	2,787	4,778
	Total proceeds from disposal	-	-	(15)	(19)	(15)	(19)
	Less total value of assets disposed	-	-	2,802	4,797	2,802	4,797
9	Other expenses	46,501	82,297	50,434	39,246	96,935	121,543
	Bad and doubtful debts	-	-	1,984	2,016	1,984	2,016
	Bank fees and charges	-	-	52	96	52	96
	Deed of Settlement	-	-	36,535	-	36,535	-
	Donated assets expense	9	-	-	-	9	-
	Impairment expense	8,820	54,181	-	-	8,820	54,181
	Net loss on revaluation of shares	-	-	5,244	1,367	5,244	1,367
	Royalty payments	4,296	4,027	6,813	6,172	11,109	10,199
	Soil remediation expenses	-	-	-	20,000	-	20,000
	Assets transferred to the Department	31,355	22,433	-	-	31,355	22,433
	Other (excluding audit fees)	2,021	1,656	(194)	9,595	1,827	11,251
10	Auditor's remuneration	416	368	2	-	418	368
	Auditor fees - auditing financial statements	416	368	2	-	418	368
	TOTAL EXPENSES	214,252	242,610	1,991,993	1,858,187	2,206,245	2,100,797
	INCOME						
11	Revenue from fees and charges	80,927	78,885	223,678	213,848	304,605	292,733
	Ambulance transport	118	111	43	11	161	122
	Fines, fees and penalties	-	-	145	161	145	161
	Insurance recoveries from health services	452	568	-	-	452	568
	Patient and client fees	42,944	42,927	164,099	153,897	207,043	196,824
	Private practice fees	-	-	31,488	32,813	31,488	32,813
	Recoveries	32,629	30,526	10,107	7,194	42,736	37,720
	Sale of goods - medical supplies	160	67	44	72	204	139
	Other user charges and fees	4,624	4,686	17,752	19,700	22,376	24,386

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
12 Grants and contributions	2,628	2,284	183,441	139,636	186,069	141,920
Commonwealth grants and donations	-	-	5,959	8,287	5,959	8,287
Pharmaceutical benefits scheme	-	-	164,233	119,554	164,233	119,554
Commonwealth subsidy	-	-	-	-	-	-
Other grants and contributions from SA Government agencies	2,628	2,284	-	-	2,628	2,284
Private sector capital contributions	-	-	-	18	-	18
Private sector grants and contributions	-	-	13,249	11,777	13,249	11,777
13 Interest revenue	1,650	2,227	201	574	1,851	2,801
Interest from SAFA	-	1,161	-	-	-	1,161
Bank interest	-	-	201	574	201	574
Interest on Special Purpose Funds (SPF)	1,650	1,066	-	-	1,650	1,066
14 Resources received free of charge	2,105	-	45	178	2,150	178
Land and improvements	-	-	-	160	-	160
Plant and equipment	2,105	-	45	18	2,150	18
16 Other revenue	286	187	34,229	33,092	34,515	33,279
Commissions revenue	-	-	20	20	20	20
Carpark revenue	-	-	3,611	3,555	3,611	3,555
Royalty income	-	-	15,892	14,667	15,892	14,667
Training revenue	-	-	84	14	84	14
Donations received	3	2	6,722	8,064	6,725	8,066
Other	283	185	7,900	6,772	8,183	6,957
17 Revenue from SA Government	1,619,453	1,488,810	-	-	1,619,453	1,488,810
Recurrent funding	1,455,780	1,390,490	-	-	1,455,780	1,390,490
Capital funding	163,673	97,466	-	-	163,673	97,466
TVSP recovery funds from Department of Treasury and Finance	-	854	-	-	-	854
TOTAL INCOME	1,707,049	1,572,393	441,594	387,328	2,148,643	1,959,721
FINANCIAL ASSETS						
18 Cash and cash equivalents	89,351	99,322	15,027	22,628	104,378	121,950
Cash at bank or on hand - non-government financial institutions	-	-	14,958	22,554	14,958	22,554
Deposits with Treasurer	89,351	99,322	-	-	89,351	99,322
Imprest account/cash on hand	-	-	69	74	69	74
19 Receivables	11,615	10,259	73,806	57,339	85,421	67,598
Patient/client fees	-	-	-	-	-	-
Compensable	-	-	10,690	10,250	10,690	10,250
Aged care	-	-	-	6	-	6
Other	236	-	34,146	23,267	34,382	23,267
Workers compensation provision recoverable	10,819	8,884	-	-	10,819	8,884
Grants	-	-	64	-	64	-
Prepayments	-	-	1,148	782	1,148	782
Debtors	560	1,375	11,464	10,052	12,024	11,427
Less: allowance for doubtful debts	-	-	(9,464)	(10,252)	(9,464)	(10,252)
Sundry receivables and accrued revenue	-	-	23,012	18,992	23,012	18,992
GST recoverable	-	-	2,746	4,242	2,746	4,242
21 Other financial assets	1,150	1,150	2,881	8,101	4,031	9,251
Finance institutions	-	-	782	758	782	758
Other investments	1,150	1,150	2,099	7,343	3,249	8,493
TOTAL FINANCIAL ASSETS	102,116	110,731	91,714	88,068	193,830	198,799

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

FINANCIAL LIABILITIES						
Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
26 Payables	5,680	7,407	122,141	92,667	127,821	100,074
Creditors and accrued expenses	5,588	7,407	91,487	63,640	97,075	71,047
Paid Parental Leave Scheme payable	-	-	112	205	112	205
Employment on-costs	-	-	27,100	25,181	27,100	25,181
Other payables	92	-	3,442	3,641	3,534	3,641
27 Borrowings	-	-	10,946	11,625	10,946	11,625
Finance lease	-	-	10,946	11,625	10,946	11,625
30 Other liabilities	-	-	5,373	7,041	5,373	7,041
Unclaimed monies	-	-	467	902	467	902
Unearned revenue	-	-	2,088	2,544	2,088	2,544
Lease incentive	-	-	1,513	1,590	1,513	1,590
Other	-	-	1,305	2,005	1,305	2,005
TOTAL FINANCIAL LIABILITIES	5,680	7,407	138,460	111,333	144,140	118,740

39 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Central Adelaide Local Health Network Consumer Advisory Council

Chester M	Marshall J (appointed 21/07/2015)	Sansbury T (appointed 20/10/2015)
Cocking M	McMahon J	Tsogas C (appointed 21/07/2015)
Cousins M	Meakins V *	Williams M
Curry M	Moraw I (appointed 21/07/2015)	
Fyfe D (Chair)	Nagel L	
Heydrich S	O'Keefe K	

Central Adelaide Local Health Network LHN Advisory Council

Beilby J	Ellery B	Miller S
Deegan V	Evans T (Presiding Member)	Zeitz C *
Dimonte R	Fyfe D	

Central Adelaide Local Health Network Risk Management & Audit Committee

Deegan V (Chair)	Ellery B	May E
------------------	----------	-------

Central Adelaide Rehabilitation Services (CARS) Consumer Advocacy Group

Arkley G	Fyfe D (appointed 02/12/2015)	Machen V
Bedford L	Heydrich S (Chair)	Whiteway L
Chester M	Honeychurch P	

Eastern Lived Experience Liaison Group

Angeli J	Judith B	Pickering A
Baldock M	Langdon M	Powell A (appointed 01/02/2016)
Brown J	Lloyd C (appointed 01/02/2016)	Schmidt R
Burdett S	Lucas G (appointed 01/02/2016)	Sinclair M
Coulls J	Metcalf P	Sorenson M
Cutler J	O'Brien E	Tsogas C
Diamond T	O'Keefe K (Chair)	Whiteway L
Doherty L	Parkin M (appointed 01/02/2016)	

Eastern Section Management Committee

Brown J	O'Keefe K (Chair)
---------	-------------------

Hampstead Rehabilitation Centre Brain Injury Rehabilitation Services Consultative Advisory Panel

Angel D	Dwyer A (appointed 01/04/2016)	Horan A
Bedford E	Furda J	Kaschimbus M (Chair)
Bunning A	Fyfe D	Morgan T
Canavan D	Heydrich S (appointed 01/04/2016)	Sleeman K

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Medvet Board

Burfield T* (appointed 20/01/2016)	Gardner P (resigned 02/02/2016)	Kowalick I (appointed 20/01/2016)
DiMonte R (resigned 01/02/2016)	Johansen G* (Chair)	Short R Prof (resigned 02/08/2015)
Evans T (resigned 28/01/2016)	Koehler A Dr* (resigned 25/01/2016)	

New RAH Steering Committee

Andreotti L (appointed 01/09/2015)	Michele T	Squire J (appointed 01/10/2015)
Archer S	Reynolds D (appointed 01/12/2015)	Swan D (Chair)
Deegan M	Richter J	

Royal Adelaide Hospital Consumer Advisory Group

Andriolo K (appointed 12/01/2016)	Cocking M	Matiasz S
Bah S	Durand M	Meakins V *
Brown R	Fyfe D	Morris C (resigned 30/09/2015)
Catsavas M (appointed 08/03/2016)	Gordon-Edwards E*(appointed 01/10/2015)	Neale D
Chester M (Chair)	Harris S (appointed 08/03/2016)	Priest C

Royal Adelaide Hospital Research Ethics Committee

Andrews J Associate Prof	Louise J Dr	Prideaux M
Bradley J Dr	McCulloch D	Sewell D (appointed 13/07/2015)
Chatterton B Associate Prof	McInerney M	Thornton A Dr (Chair)
Evans D Dr	Need A Associate Prof	Van Der Linden B Rev
Fitzgerald A	O'Connor S	Williams P Rev
Lee J Dr	Parry B	Wilmot J

SA Cancer Service - Strategic Committee

Adams J Dr *	Keefe D Prof *	Plew S
Bardy P Associate Prof *	Marker J	Robinson P Dr *
Eckert M Dr * (Chair)	McMenemy J *	Selva S Dr *
Flora E *	Mitchell A	Swetenham K *
Frank O Dr	Morris S *	Tapp H Dr *
Gill G Prof *	Mukherjee R Dr *	To B Prof *
Hayward A *	Piro D	Zwart L *

SADS Consumer Advisory Committee

Beddall P	Dobie K	Stone J
Brown M	McMahon J (Chair)	Zerna J
Costa D	Miller P	
Coston S	Priest S	

Safety & Quality Governance

Coulls J	Law D	O'Keefe K (Chair)
----------	-------	-------------------

The Queen Elizabeth Consumer Advisory Group

Arkley G (appointed 29/03/2016)	Duffy L	Martini J (appointed 25/01/2016)
Baylish S (appointed 21/04/2015)	Fyfe D	McMahon J
Bedford E	Gordon-Edwards E*(appointed 01/10/2015)	Meakins V *
Chester M	Heydrich S	Morris C (resigned 30/09/2015)
Curry M (Chair)	Hickman C (appointed 25/01/2016)	Najar K
Dann R	Jenkins M (appointed 25/01/2016)	Raschella F (appointed 25/01/2016)

The Queen Elizabeth Hospital Research Ethics Committee

Boyce M Rev *	Lai C Dr*	Prideaux M (appointed 06/08/2015)
Carr P	Lupoi G	Ruffin R Prof * (Chair)
Challen J *	Mahadaven D Dr *	Ryan C *
Crabb A	May J Rev *	Sewell D
Drummond C Dr*	McCulloch D	Singla A Dr *
Huxtable E	McNeil J Associate Prof*	
Kuyper J	Prasanna S Dr *	

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Trauma Informed Care & Practice Committee

O'Keefe K (Chair) Scott D

Western Lived Experience Liaison Group

Barbara A	Hunt D	Sinclair M
Blazewicz R	Langdon M	Smet J
Cafuta R	Law D	Sutton P
Duffield I	Llyod C	Sutton S
Edwards-Brown A	O'Neil S	Tsogas C (Chair)
Ellis J	Robertson T	Tsogas G

Youth Cancer Advisory Group

Belinda R	Fowler N	O'Keefe K (Chair)
Binns T	Hadaway S	
Contibas M	Haseloff M	

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

	2016 No. of Members	2015 No. of Members
\$0	87	85
\$1 - \$9,999	80	42
\$10,000 - \$19,999	3	1
\$20,000 - \$29,999	2	-
\$30,000 - \$39,999	-	3
\$40,000 - \$49,999	2	-
\$50,000 - \$59,999	-	1
Total	174	132

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.235 million (\$0.195 million).

* In accordance with the *Department of 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.

40 Events after balance date

On 4 July 2016 Cabinet approved the sale of a portion of the Glenside site, which had been identified as surplus to requirements, to Cedar Woods for \$25.768 million which is expected to be finalised by the end of this calendar year. In accordance with AASB 136 *Impairment of Assets* the Hospital has impaired the value of the land, buildings and site improvements with the net book value of these assets being transferred to the Department for anticipated sale.

41 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Hospital's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

Research & Other includes monies held on trust for specific research fund activities.

Patient Trusts and Fund Raising represent monies held on trust on behalf of patients and fundraising activities.

Private Practice Funds 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.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Schedule of Administered Expenses and Income

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Administered expenses				
Staff benefit expenses	746	-	-	746
Supplies and services	534	-	(2,126)	(1,592)
Other expenses	-	545	47,374	47,919
Total administered expenses	1,280	545	45,248	47,073
Administered income				
Grants and contributions	1,137	-	-	1,137
Revenue from fees and charges	-	-	48,603	48,603
Interest revenue	-	3	-	3
Other revenue	6	406	-	412
Total administered income	1,143	409	48,603	50,155
Net result	(137)	(136)	3,355	3,082

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Administered expenses				
Staff benefit expenses	501	-	-	501
Supplies and services	559	34	(248)	345
Other expenses	-	448	41,273	41,721
Total administered expenses	1,060	482	41,025	42,567
Administered income				
Grants and contributions	939	-	-	939
Revenue from fees and charges	2	-	40,987	40,989
Interest revenue	-	4	-	4
Other revenue	22	623	464	1,109
Total administered income	963	627	41,451	43,041
Net result	(97)	145	426	474

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Schedule of Administered Assets and Liabilities

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Administered current assets				
Cash and cash equivalents	312	559	4,902	5,773
Receivables	22	-	5,030	5,052
Total administered current assets	334	559	9,932	10,825
Total administered assets	334	559	9,932	10,825
Administered current liabilities				
Payables	72	-	3,030	3,102
Staff benefits	57	-	-	57
Other current provisions/liabilities	-	-	33	33
Total administered current liabilities	129	-	3,063	3,192
Administered non-current liabilities				
Payables	2	-	-	2
Staff benefits	54	-	-	54
Total administered non-current liabilities	56	-	-	56
Total administered liabilities	185	-	3,063	3,248
Net administered assets	149	559	6,869	7,577

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Administered current assets				
Cash and cash equivalents	853	722	3,006	4,581
Receivables	40	-	5,928	5,968
Total administered current assets	893	722	8,934	10,549
Total administered assets	893	722	8,934	10,549
Administered current liabilities				
Payables	550	27	5,408	5,985
Staff benefits	41	-	-	41
Other current provisions/liabilities	16	-	12	28
Total administered current liabilities	607	27	5,420	6,054
Total administered liabilities	607	27	5,420	6,054
Net administered assets	286	695	3,514	4,495

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Schedule of Administered Changes in Equity

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Balance at the beginning of the reporting period	286	695	3,514	4,495
Net result	(137)	(136)	3,355	3,082
Total recognised income and expenses for the period	(137)	(136)	3,355	3,082
Balance at the end of the reporting period	149	559	6,869	7,577

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Balance at the beginning of the reporting period	383	550	3,088	4,021
Net result	(97)	145	426	474
Total recognised income and expenses for the period	(97)	145	426	474
Balance at the end of the reporting period	286	695	3,514	4,495

Schedule of Administered Cash Flows

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Cash flows from operating activities				
Cash inflows				
Grants and contributions	1,155	-	-	1,155
Fees and charges	-	-	49,501	49,501
Interest revenue	-	3	-	3
Other revenue	6	406	-	412
Total cash inflows	1,161	409	49,501	51,071
Cash outflows				
Staff benefit payments	677	-	-	677
Supplies and services	1,025	27	(2,126)	(1,074)
Other payments	-	545	49,731	50,276
Total cash outflows	1,702	572	47,605	49,879
Net cash inflows/cash outflows from operating	(541)	(163)	1,896	1,192
Net increase/(decrease) in cash held	(541)	(163)	1,896	1,192
Cash at the beginning of the reporting period	853	722	3,006	4,581
Cash at the end of the reporting period	312	559	4,902	5,773

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Research & Other	Patient Trusts and Fund Raising	Private Practice Funds	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
<u>Cash flows from operating activities</u>				
Cash inflows				
Grants and contributions	1,221	-	-	1,221
Fees and charges	2	-	41,517	41,519
Interest revenue	-	4	-	4
Other revenue	22	624	464	1,110
Total cash inflows	1,245	628	41,981	43,854
Cash outflows				
Staff benefit payments	502	-	-	502
Supplies and services	94	7	(248)	(147)
Other payments	-	448	41,282	41,730
Total cash outflows	596	455	41,034	42,085
Net cash inflows/cash outflows from operating activities	649	173	947	1,769
Net increase/(decrease) in cash held	649	173	947	1,769
Cash at the beginning of the reporting period	204	549	2,059	2,812
Cash at the end of the reporting period	853	722	3,006	4,581

Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

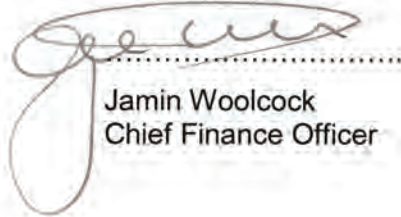
Certification of the financial statements

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. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Julia Squire
Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date 16/9/2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Officer Central Adelaide Local Health Network Incorporated

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 accompanying 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 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

The financial report comprises the Central Adelaide Local Health Network Incorporated and the entities it controlled at the year's end or from time to time during the financial year.

The Chief Executive Officer's responsibility 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 the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, and Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Health's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the 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 2016, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016

Country Health SA Local
Health Network Incorporated

Financial report
for the year ended
30 June 2016

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

		Consolidated		Parent	
	Note	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Expenses					
Staff benefit expenses	4	531,692	492,391	531,692	492,391
Supplies and services	5	278,164	289,362	278,160	289,357
Depreciation and amortisation expense	6	34,930	28,306	19,461	16,089
Grants and subsidies	7	23,502	23,696	23,460	23,342
Borrowing costs	8	1,602	1,972	1,602	1,972
Net loss from disposal of non-current assets	15	374	297	293	297
Other expenses	9	1,686	1,692	2,855	5,918
Total expenses		871,950	837,716	857,523	829,366
Income					
Revenue from fees and charges	11	75,591	76,734	75,591	76,734
Grants and contributions	12	128,866	126,077	130,849	127,648
Interest revenue	13	2,489	2,727	2,213	2,396
Resources received free of charge	14	9	510	9	510
Other revenue	16	2,902	2,515	251	1,646
Total income		209,857	208,563	208,913	208,934
Net cost of providing services		662,093	629,153	648,610	620,432
Revenues from SA Government					
Revenue from SA Government	17	617,653	612,156	617,653	612,156
Total revenues from/payments to SA Government		617,653	612,156	617,653	612,156
Net result		(44,440)	(16,997)	(30,957)	(8,276)
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		-	90,662	-	27,025
Total other comprehensive income		-	90,662	-	27,025
Total comprehensive result		(44,440)	73,665	(30,957)	18,749

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Current assets					
Cash and cash equivalents	19	47,549	55,544	41,712	50,114
Receivables	20	25,736	30,672	25,950	31,178
Inventories	21	4,493	4,522	4,493	4,522
Other financial assets	22	79,373	55,941	70,724	47,805
Total current assets		157,151	146,679	142,879	133,619
Non-current assets					
Receivables	20	4,836	5,716	4,836	5,716
Other financial assets	22	77	77	-	-
Property, plant and equipment	23	851,717	877,228	437,183	448,013
Intangible assets	24	824	860	824	860
Total non-current assets		857,454	883,881	442,843	454,589
Total assets		1,014,605	1,030,560	585,722	588,208
Current liabilities					
Payables	26	43,624	36,727	43,624	36,741
Borrowings	27	3,380	3,154	3,380	3,154
Staff benefits	28	72,294	71,565	72,294	71,565
Provisions	29	8,260	7,023	8,260	7,023
Other liabilities	30	63,941	46,849	63,941	46,849
Total current liabilities		191,499	165,318	191,499	165,332
Non-current liabilities					
Payables	26	3,953	3,130	3,953	3,130
Borrowings	27	18,642	22,022	18,642	22,022
Staff benefits	28	80,208	69,629	80,208	69,629
Provisions	29	11,127	14,601	11,127	14,601
Total non-current liabilities		113,930	109,382	113,930	109,382
Total liabilities		305,429	274,700	305,429	274,714
Net assets		709,176	755,860	280,293	313,494
Equity					
Asset revaluation surplus	31	178,215	178,324	99,893	99,893
Retained earnings	31	530,961	577,536	180,400	213,601
Total equity		709,176	755,860	280,293	313,494
The total equity is attributable to the SA Government as owner					
Unexpended funding commitments	18				
Unrecognised contractual commitments	33				
Contingent assets and liabilities	35				

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014	31	87,133	599,028	686,161
Error correction	2.35	-	(1,408)	(1,408)
Restated balance at 30 June 2014		87,133	597,620	684,753
Net result for 2014-15		-	(16,997)	(16,997)
Gain/(loss) on revaluation of property during 2014-15	23	90,662	-	90,662
Derecognition of assets		529	(529)	-
Total comprehensive result for 2014-15		91,191	(17,526)	73,665
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(1,661)	(1,661)
Net assets transferred as a result of an administrative restructure	34	-	(897)	(897)
Balance at 30 June 2015	31	178,324	577,536	755,860
Net result for 2015-16		-	(44,440)	(44,440)
Transfer between equity components		(109)	109	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	34	-	(565)	(565)
Balance at 30 June 2016	31	178,215	530,961	709,176

PARENT

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014		72,339	227,362	299,701
Error correction	2.35	-	(1,408)	(1,408)
Restated balance at 30 June 2014		72,339	225,954	298,293
Net result for 2014-15		-	(8,276)	(8,276)
Gain/(loss) on revaluation of property during 2014-15	23	27,025	-	27,025
Derecognition of assets during 2014-15		529	(529)	-
Total comprehensive result for 2014-15 restated		27,554	(8,805)	18,749
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(1,661)	(1,661)
Net assets transferred as a result of an administrative restructure	34	-	(1,887)	(1,887)
Balance at 30 June 2015	31	99,893	213,601	313,494

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

		Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015 as previously reported		99,893	213,601	313,494
Net result for 2015-16		-	(30,957)	(30,957)
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	34	-	(565)	(565)
Balance at 30 June 2016	31	99,893	180,400	280,293

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Employee benefit payments		(523,509)	(485,548)	(523,509)	(485,548)
Payments for supplies and services		(291,194)	(311,875)	(291,168)	(311,856)
Payments for grants and subsidies		(25,069)	(4,024)	(25,027)	(3,635)
Interest paid		(1,602)	(21,882)	(1,602)	(21,882)
Residential aged care bonds refunded		(10,277)	(6,373)	(10,277)	(6,373)
Payments for paid parental leave scheme		(1,954)	(1,690)	(1,954)	(1,690)
Other payments		(1,038)	(1,342)	(1,440)	(2,325)
Cash used in operations		(854,643)	(832,734)	(854,977)	(833,309)
Cash inflows					
Fees and charges		81,863	78,972	82,378	79,017
Grants and contributions		129,769	126,728	131,752	128,299
Interest received		665	1,098	597	966
Residential aged care bonds received		27,225	15,153	27,225	15,153
GST recovered		18,816	18,918	18,816	18,882
Receipts for paid parental leave scheme		1,907	1,757	1,907	1,757
Other receipts		4,765	2,501	2,113	1,632
Cash generated from operations		265,010	245,127	264,788	245,706
Cash flows from SA Government					
Receipts from SA Government		614,219	595,045	614,197	595,045
Total cash flows from SA Government		614,219	595,045	614,197	595,045
Net cash provided by/(used in) operating activities		24,586	7,438	24,008	7,442
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(7,828)	(3,432)	(7,756)	(3,432)
Purchase of intangibles		-	(181)	-	(181)
Purchase of investments		(22,369)	(10,187)	(21,500)	(8,500)
Cash used in investing activities		(30,197)	(13,800)	(29,256)	(12,113)
Cash inflows					
Proceeds from sale of property, plant and equipment		220	29	-	29
Proceeds from sale/maturities of investments		550	4,333	-	1,978
Cash generated from investing activities		770	4,362	-	2,007
Net cash provided by/(used in) investing activities		(29,427)	(9,438)	(29,256)	(10,106)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(2,420)	(2,067)	(2,420)	(2,067)
Repayment of borrowings		(734)	(677)	(734)	(677)
Cash used in financing activities		(3,154)	(2,744)	(3,154)	(2,744)
Net cash provided by/(used in) financing activities		(3,154)	(2,744)	(3,154)	(2,744)
Net increase/(decrease) in cash and cash equivalents		(7,995)	(4,744)	(8,402)	(5,408)
Cash and cash equivalents at the beginning of the period		55,544	60,288	50,114	55,522
Cash and cash equivalents at the end of the period	19	47,549	55,544	41,712	50,114
Non-cash transactions	36	(31,651)	(5,695)	(17,363)	3,067

The above statement should be read in conjunction with the accompanying notes.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1 Objectives of Country Health SA Local Health Network Incorporated

Effective 1st July 2011 Country Health SA Hospital Incorporated was renamed to Country Health SA Local Health Network Incorporated (the Hospital). The *Health Care Act 2008* (the Act) became effective on 1 July 2008. As a consequence the former Hospitals and Incorporated Health Centres, as listed below, were abolished and became sites of the new Country Health SA Hospital Incorporated. At the same time a number of Health Advisory Councils (HACs) (as listed below) were established and certain assets, rights and liabilities were vested in the Health Advisory Councils with the remainder of the assets, rights and liabilities of the former Hospitals and Incorporated Health Centres being vested in the new Country Health SA Hospital Incorporated.

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

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

Effective 1 July 2011, the Incorporated Health Advisory Councils were provided with notification of endorsement as a deductible gift recipient, and notification of endorsement for charity tax concessions.

The above assets, rights and liabilities of the former Hospitals whose Health Advisory Council elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc.

Effective 1 July 2008 the following Hospitals and Incorporated Health Centres were dissolved and the associated Health Advisory Councils were established.

Dissolved Hospitals and Incorporated Health Centres

Balaklava and Riverton Districts Health Service Incorporated

Barossa Area Health Services Incorporated

Bordertown Memorial Hospital Incorporated

Burra Clare Snowtown Health Service Incorporated

Ceduna District Health Services Incorporated

Coober Pedy Hospital and Health Services Eastern Eyre Health and Aged Care Incorporated

Eudunda & Kapunda Health Service Incorporated

Gawler Health Service Incorporated

Hawker Memorial Hospital Incorporated

Kangaroo Island Health Service

Kingston Soldiers' Memorial Hospital Incorporated

Leigh Creek Health Services Incorporated

Lower Eyre Health Services Incorporated

Loxton Hospital Complex Incorporated

Mallee Health Service Incorporated

The Mannum District Hospital Incorporated

Established Health Advisory Councils

Balaklava Riverton Health Advisory Council Inc.

Barossa and Districts Health Advisory Council Inc.

Bordertown and District Health Advisory Council Inc.

Lower North Health Advisory Council Inc.

Ceduna District Health Services Health Advisory Council Inc.

Far North Health Advisory Council (Unincorporated)

Eastern Eyre Health Advisory Council Inc.

Eudunda Kapunda Health Advisory Council Inc.

Gawler District Health Advisory Council Inc.

Hawker District Memorial Health Advisory Council (Unincorporated)

Kangaroo Island Health Advisory Council Inc.

Kingston/Robe Health Advisory Council Inc.

Leigh Creek Health Services Health Advisory Council (Unincorporated)

Lower Eyre Health Advisory Council Inc.

Loxton and Districts Health Advisory Council Inc.

Mallee Health Service Health Advisory Council Inc.

Mannum District Hospital Health Advisory Council Inc.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 30 June 2016*****Dissolved Hospitals and Incorporated******Health Centres***

Meningie and Districts Memorial Hospital and Health Services Incorporated

Mid North Health

Mid-West Health

Millicent and District Hospital and Health Services Incorporated

Mount Barker District Soldiers' Memorial Hospital Incorporated

Mount Gambier and Districts Health Service Incorporated

The Murray Bridge Soldiers' Memorial Hospital Incorporated

Naracoorte Health Service Incorporated

Northern Adelaide Hills Health Service Incorporated

Northern Yorke Peninsula Health Service

Penola War Memorial Hospital Incorporated

Port Augusta Hospital and Regional Health Services Incorporated

Port Broughton District Hospital and Health Services Incorporated

Port Lincoln Health Services Incorporated

Port Pirie Regional Health Service Incorporated

Quorn Health Services Incorporated

Renmark Paringa District Hospital Incorporated

Riverland Regional Health Service Incorporated

South Coast District Hospital Incorporated

Southern Flinders Health Incorporated

Strathalbyn & District Health Service

Tailem Bend District Hospital

Waikerie Health Services Incorporated

The Whyalla Hospital and Health Services Inc.

Yorke Peninsula Health Service Incorporated

Ceduna Koonibba Aboriginal Health Service Incorporated

Country Health SA Incorporated

Pika Wiya Health Service

Established Health Advisory Councils

Coorong Health Service Health Advisory Council Inc.

Mid North Health Advisory Council Inc.

Mid-West Health Advisory Council Inc.

Millicent and Districts Health Advisory Council Inc.

Hills Area Health Advisory Council Inc.

Mount Gambier and Districts Health Advisory Council Inc.

The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc.

Naracoorte Area Health Advisory Council Inc.

Hills Area Health Advisory Council Inc.

Northern Yorke Peninsula Health Advisory Council Inc.

Penola and Districts Health Advisory Council Inc.

Port Augusta, Roxby Downs, Woomera Health Advisory Council (Unincorporated)

Port Broughton District Hospital and Health Services Health Advisory Council Inc.

Port Lincoln Health Advisory Council (Unincorporated)

Port Pirie Health Service Advisory Council (Unincorporated)

Quorn Health Services Health Advisory Council (Unincorporated)

Renmark Paringa District Health Advisory Council Inc.

Berri Barmera District Health Advisory Council Inc.

South Coast Health Advisory Council Inc.

Southern Flinders Health Advisory Council (Unincorporated)

Hills Area Health Advisory Council Inc.

Coorong Health Service Health Advisory Council Inc.

Waikerie and Districts Health Advisory Council Inc.

The Whyalla Hospital and Health Services Health Advisory Council (Unincorporated)

Yorke Peninsula Health Advisory Council Inc.

Ceduna Koonibba Aboriginal Health Advisory Council Inc.

Country Health SA Board Health Advisory Council Inc.

Pika Wiya Health Advisory Council Inc.

The Health Advisory Councils have no powers to direct or make decisions with respect to the management and administration of the Hospital,

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

By proclamation, effective the 1 July 2011, the following Health Advisory Councils were dissolved with their assets, rights and liabilities transferred to their respective Community Controlled Aboriginal Health Services.

Ceduna Koonibba Aboriginal Health Advisory Council

Pika Wiya Health Advisory Council Inc.

1.1 Objectives

The Hospital is an incorporated Hospital under the Act.

Hospitals incorporated under the Act are funded from various sources. Funding can be obtained from the Department for Health and Ageing (the Department), the Commonwealth Government, Public Donations, Private Practice Funds, Foundations and other sources.

Users of these financial statements should note that the South Australian Government funds the major part but not the entire operations of the Hospital.

The Hospital's objectives are to:

- promote, maintain and improve the health of the public;
- efficiently conduct and manage, within its identified resources, health services for its Local Health Network (LHN);
- appraise and monitor health resources and future health needs of the LHN's community;
- monitor, maintain and improve the quality and safety of health services in the LHN;
- allocate funds to local health service units in accordance with the region's plan and each local health service unit's Service Agreement;
- provide support and administrative services where appropriate to all local health service units;
- establish, provide, maintain and enhance hospital, medical and allied health services and facilities for the care and treatment of sick people in the LHN;
- establish, maintain and enhance a range of community health services in the region including domiciliary care services, day care services, and services for the aged and disabled including the mentally ill;
- efficiently conduct and manage within its identified resources, health services on a statewide basis, as specified in any service agreement;
- make available to the public information and advice concerning health and the health services available within its LHN;
- initiate, facilitate, support and conduct research into any area of public health and health needs and to foster innovation in the provision of health services; and
- provide or promote such other health services and facilities in the region as may seem necessary or desirable from time to time.

The Health Advisory Councils objectives are to:

- advise on the health service needs, priorities and issues within the local areas with particular emphasis upon those issues in the context of consumers of health services, carers and volunteers;
- ascertain the health needs of the community and the attitude of the community to the development of health services within the community;
- advocate on behalf of the community to support the planning and provision of health services as part of an integrated statewide health system for the benefit of the community;
- hold assets for the benefit, purposes and use of, the Health Unit sites on terms and conditions determined or approved by the Minister; and
- undertake such other activities as the Health Advisory Councils may determine for the benefit or support of health services in the local area.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1.2 Administrative restructures

Transferred in

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks (LHNs) and SA Ambulance Service Inc.(SAAS).

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Transferred out

2015-16

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) was transferred to the SA Distribution Centre division of the Department.

2014-15

- As discussed in Note 1, the assets, rights and liabilities of the former Hospitals and Incorporated Health Centres were vested in the Hospital and the Health Advisory Councils on 1 July 2008. Due to the need to seek clarification from Crown Law it was not possible to transfer all of the assets vested in the Health Advisory Councils in the previous financial year and as a result additional transfers of assets from the Parent Entity to the Health Advisory Councils occurred in the 2014/2015 year.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. During the financial year additional inventory was transferred from the Hospital to the SA Distribution Centre division of the Department. The finalisation of the inventory transfer occurred in July 2015.

Details of the assets, rights and liabilities that transferred are provided in Note 34.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

Except for *AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Hospital for the period ending 30 June 2016. Refer to Note 3.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The Hospital's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.3 Reporting entity

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the Consolidated Entity, in accordance with AASB 10 *Consolidated Financial Statements*.

The parent entity is comprised of the bodies that were dissolved under proclamation (i.e. the former Hospitals and Incorporated Health Centres as detailed in Note 1).

The parent entity does not control any other entity other than those listed in Note 37 and has no interests in unconsolidated structured entities. In forming this view, the parent entity considered its involvement with a number of different entities and determined that it does not control any of them.

The consolidated accounts of the Hospital include the assets, liabilities, revenues and expenses of the parent entity and the Health Advisory Councils as detailed in Note 1. The Hospital has effective control over, and a 100% interest in, the net assets of the entities under its control.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Hospital and the Health Advisory Councils as detailed in Note 1, in accordance with AASB 10 *Consolidated Financial Statements*.

In forming the view that the Health Advisory Councils are controlled, the Hospital considered its involvement with the relevant entity and determined that its substantive rights give the Hospital the current ability to direct the major relevant activities of the entity and the Hospital is exposed or has rights to variable returns from its involvement as the entity contributes to the furtherance of the Hospital's objective.

Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

2.6 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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Effective 1 January 2014, the Department, incorporated Hospitals and the SAAS were grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated Hospitals and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.7 Expenses

Expenses are recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from the Hospital will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Contributions paid

Contributions payable will be recognised as a liability and expense when the Hospital has a present obligation to pay the contribution and the expense recognition criteria are met.

Payments to SA Government

Payments to the SA Government includes other payments paid directly to the Consolidated Account.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Staff benefit expenses

Staff benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Hospital to the superannuation plan in respect of current services of current Hospital staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

2.8 Income

Income is recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to the Hospital will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received free of charge

Resources received free of charge are recorded as such with revenue being separately disclosed.

Contributions received

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Other revenue

Other revenue consists of donations.

2.9 Revenue from SA Government

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.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Hospital has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Hospital has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.11 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.12 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

2.13 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

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.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

2.14 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

Cost is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distributing to customers.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Drug supplies;
- Medical, surgical and laboratory supplies;
- Food and hotel supplies;
- Engineering supplies; and
- Other supplies.

2.15 Other financial assets

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

2.16 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 all non-current tangible property, plant and equipment and intangible assets that it controls 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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.17 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*:

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- the Hospital revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer;
- triennial revaluation of other non-current assets by a Certified Practicing Valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.18 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

2.19 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Land and non current assets held for sale are not depreciated.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

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

2.20 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Hospital has aged care bed licences which have an indefinite useful life therefore no amortisation is recognised.

The acquisition of, or internal development of software, is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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.

2.21 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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 valuation processes and fair value changes are reviewed at each reporting date.

The Hospital believes the valuation methodology applied by the Valuer in the last valuation of specified assets is in line with the requirements of AASB 13 *Fair Value Measurement*.

Non-financial assets

In determining fair value, the Hospital has taken into account the characteristics of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Refer to Notes 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

Investments in listed entities are recognised at fair value based on quoted market prices for identical assets at reporting date. The Hospital does not recognise any other financial assets or financial liabilities at fair value.

2.22 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line combines amounts expected to be settled within 12 months and more than 12 months, the Hospital has separately disclosed the amounts expected to be settled after more than 12 months.

2.23 Payables

Payables include creditors, accrued expenses, GST payable, staff on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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.

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave (SERL).

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.

2.24 Residential Aged Care Bonds

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

2.25 Borrowings/Financial Liabilities

The Hospital measures financial liabilities including borrowings/debt at historical cost.

2.26 Staff benefits

These benefits accrue for staff 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.

Salaries, wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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.

Long service leave

The liability for long services leave (LSL) was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of 4.00 percent; and
- Discounting of 1.73 percent per annum based on the gross 5 year Commonwealth bond rates prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the consolidated entity does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

2.27 Provisions

Provisions are recognised when the Hospital has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

With respect to the workers compensation liability, the Hospital includes an amount receivable for the lump sum and redemption portion of the workers compensation claims which is specifically funded by the Department.

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.28 Specific Purpose Funds

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.

2.29 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Hospital has entered into finance leases and operating leases.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Finance leases

Finance leases which transfer substantially all the risks and benefits/rewards incidental to ownership of the leased assets to the Hospital, are capitalised at inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

Where there is no reasonable assurance that the Hospital will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

2.30 Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

2.31 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

2.32 SA Government/Non-SA Government disclosures

The Hospital has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where the Hospital must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.33 Continuity of Operations

As at 30 June 2016, the Hospital had working capital deficiency of \$34.348 million (\$18.639 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.34 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.35 Correction of a prior period error

Business Transfers

SA Pharmacy and SA Medical Imaging as at 1 July 2012

On 1 July 2012, SA Pharmacy and SA Medical Imaging became a statewide service, under Central Adelaide Local Health Network.

SA Pharmacy is responsible for the provision of pharmacy services at SA metropolitan public hospitals and at country hospitals with on-site pharmacy departments.

SA Medical Imaging is responsible for the provision of all medical imaging services at SA Public Hospitals within metropolitan and country South Australia across SA Health. Contracts with external service providers exist for Modbury Hospital and Noarlunga Hospital, and many country health sites.

During the 2015-16 financial year, it was identified that SA Pharmacy transactions and SA Medical Imaging transactions should have been reflected in Central Adelaide Local Health Network financial report effective 1 July 2012. In 2015-16 net expenses valued at \$4.374 million and net assets valued at \$1.408 million were identified and corrected as a prior year adjustment in this financial report.

Prior period Reclassification

The 2015 comparative information has been amended to better reflect the nature of the transactions in accordance with Note 2.7, 2.8, 2.11 above. The amendments made had no impact on reported equity.

The correction of these errors in 2015-16 have resulted in certain account balances for 2014-15 being restated as follows:

Consolidated

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Staff benefits expenses ^{2,3}	Salaries and wages	399,563	(4,705)	-	394,858
Staff benefits expenses ^{2,3}	Long service leave (LSL)	10,887	(99)	-	10,788
Staff benefits expenses ^{2,3}	Annual leave	37,443	(337)	-	37,106
Staff benefits expenses ^{2,3}	Skills and experience retention leave (SERL)	1,810	(13)	-	1,797
Staff benefits expenses ^{2,3}	Staff on-costs - superannuation	43,860	(477)	-	43,383
Staff benefits expenses ^{2,3}	Workers compensation	4,438	32	-	4,470
Supplies and services ^{2,3}	Administration	1,708	(9)	-	1,699
Supplies and services ^{2,3}	Advertising	508	(1)	-	507
Supplies and services ^{2,3}	Communication	3,300	(37)	-	3,263
Supplies and services ^{2,3}	Computing	10,958	(167)	-	10,791
Supplies and services ^{2,3}	Contractors - agency staff	15,831	(391)	-	15,440
Supplies and services ⁴	Contract of services	19,910	-	(19,910)	-
Supplies and services ³	Drug supplies	13,017	(5,498)	-	7,519
Supplies and services ^{2,3}	Fee for service	79,021	(1,390)	-	77,631
Supplies and services ^{2,3}	Food supplies	9,700	(7)	-	9,693
Supplies and services ^{2,3}	Housekeeping	7,566	(20)	-	7,546
Supplies and services ^{2,3}	Medical, surgical and laboratory supplies	36,437	(289)	-	36,148
Supplies and services ^{2,3}	Minor equipment	8,648	(66)	-	8,582
Supplies and services ^{2,3}	Periodical, journals and publications	171	(4)	-	167
Supplies and services ^{2,3}	Postage	1,255	(6)	-	1,249
Supplies and services ^{2,3}	Printing and stationery	3,530	(63)	-	3,467
Supplies and services ^{2,3}	Rental expense on operating lease	4,070	(11)	-	4,059

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Supplies and services ^{2 3}	Repairs and maintenance	21,195	(570)	-	20,625
Supplies and services ^{2 3}	Security	518	(3)	-	515
Supplies and services ^{2 3}	Staff training and development	3,078	(30)	-	3,048
Supplies and services ^{2 3}	Staff travel expenses	3,373	(37)	-	3,336
Supplies and services ^{2 3}	Waste removal	1,367	(1)	-	1,366
Supplies and services ^{2 3}	Other supplies and services	4,472	(12)	-	4,460
Depreciation and amortisation expense ²	Medical, surgical, dental and biomedical equipment	3,539	(436)	-	3,103
Depreciation and amortisation expense ²	Other plant and equipment	521	(1)	-	520
Depreciation and amortisation expense ²	Plant and equipment under finance lease	55	(43)	-	12
Grants and subsidies ⁴	Recurrent grants	302	-	73	375
Grants and subsidies ⁴	Subsidies	-	-	212	212
Grants and subsidies ⁴	Funding to non-government organisations	3,130	-	19,457	22,587
Grants and subsidies ⁴	Other	354	-	168	522
Other expenses ⁴	Bad and doubtful debts	2,105	-	(2,249)	(144)
Other expenses ^{2 3}	Other	1,373	109	-	1,482
Revenue from fees and charges ⁴	Patient and client fees	20,472	-	(2,472)	18,000
Revenue from fees and charges ^{2 3}	Recoveries	15,275	(65)	-	15,210
Revenue from fees and charges ^{2 3}	Other user charges and fees	18,840	(4,128)	-	14,712
Grants and contributions ³	Pharmaceutical benefits scheme Commonwealth subsidy	5,791	(5,791)	-	-
Other revenue ^{2 3}	Other	2,498	(1)	-	2,497
Revenue from SA Government ^{2 3}	Recurrent funding	586,523	(4,374)	-	582,149
Cash and cash equivalents ⁴	Cash at bank or on hand - non- government financial institutions	55,433	-	(11,608)	43,825
Cash and cash equivalents ⁴	Deposits with Treasurer	-	-	11,608	11,608
Receivables ⁴	Compensable	44	-	946	990
Receivables ⁴	Other	4,587	-	(1,070)	3,517
Receivables ^{2 3}	Current - Workers compensation provision recoverable	2,484	(28)	-	2,456
Receivables ^{2 3}	Current - Debtors	8,573	(1)	-	8,572
Receivables ⁴	Less: allowance for doubtful debts	(2,234)	-	124	(2,110)
Receivables ^{2 3}	Non current - Workers compensation provision recoverable	3,886	(44)	-	3,842
Receivables ^{2 3}	Non current - Debtors	123	(1)	-	122
Inventories ³	Drug supplies	1,928	(594)	-	1,334
Property, plant and equipment ²	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	42,096	(6,039)	-	36,057
Property, plant and equipment ²	Other plant and equipment at cost (deemed fair value)	9,635	(20)	-	9,615

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Property, plant and equipment ²	Plant and equipment under finance lease at fair value	565	(434)	-	131
Property, plant and equipment ²	Accumulated depreciation - medical, surgical, dental and biomedical equipment	34,180	(4,547)	-	29,633
Property, plant and equipment ²	Accumulated depreciation - other plant and equipment	5,453	(16)	-	5,437
Property, plant and equipment ²	Accumulated amortisation - plant and equipment under finance lease	413	(297)	-	116
Payables ^{2,3}	Current - Staff on-costs	6,077	(37)	-	6,040
Payables ^{2,3}	Non current - Staff on-costs	3,142	(12)	-	3,130
Staff benefits ^{2,3}	Annual leave	40,083	(228)	-	39,855
Staff benefits ^{2,3}	Current - Long service leave	11,584	(19)	-	11,565
Staff benefits ^{2,3}	Accrued salaries and wages	17,050	(128)	-	16,922
Staff benefits ^{2,3}	Skills and experience retention leave	3,216	(12)	-	3,204
Staff benefits ^{2,3}	Other	19	-	-	19
Staff benefits ^{2,3}	Non current - Long service leave	69,838	(209)	-	69,629
Provisions ^{2,3}	Current - Provision for workers compensation	7,104	(81)	-	7,023
Provisions ^{2,3}	Non current - Provision for workers compensation	14,768	(167)	-	14,601
Equity ^{2,3}	Retained earnings	578,944	(1,408)	-	577,536

Parent

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Staff benefits expenses ^{2,3}	Salaries and wages	399,563	(4,705)	-	394,858
Staff benefits expenses ^{2,3}	Long service leave (LSL)	10,887	(99)	-	10,788
Staff benefits expenses ^{2,3}	Annual leave	37,443	(337)	-	37,106
Staff benefits expenses ^{2,3}	Skills and experience retention leave (SERL)	1,810	(13)	-	1,797
Staff benefits expenses ^{2,3}	Staff on-costs - superannuation	43,860	(477)	-	43,383
Staff benefits expenses ^{2,3}	Workers compensation	4,438	32	-	4,470
Supplies and services ^{2,3}	Administration	1,708	(9)	-	1,699
Supplies and services ^{2,3}	Advertising	508	(1)	-	507
Supplies and services ^{2,3}	Communication	3,300	(37)	-	3,263
Supplies and services ^{2,3}	Computing	10,958	(167)	-	10,791
Supplies and services ^{2,3}	Contractors - agency staff	15,831	(391)	-	15,440
Supplies and services ⁴	Contract of services	19,910	-	(19,910)	-
Supplies and services ³	Drug supplies	13,017	(5,498)	-	7,519
Supplies and services ^{2,3}	Fee for service	79,021	(1,390)	-	77,631
Supplies and services ^{2,3}	Food supplies	9,700	(7)	-	9,693
Supplies and services ^{2,3}	Housekeeping	7,566	(20)	-	7,546

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Supplies and services ^{2 3}	Medical, surgical and laboratory supplies	36,437	(289)	-	36,148
Supplies and services ^{2 3}	Minor equipment	8,648	(66)	-	8,582
Supplies and services ^{2 3}	Periodical, journals and publications	171	(4)	-	167
Supplies and services ^{2 3}	Postage	1,255	(6)	-	1,249
Supplies and services ^{2 3}	Printing and stationery	3,530	(63)	-	3,467
Supplies and services ^{2 3}	Rental expense on operating lease	4,070	(11)	-	4,059
Supplies and services ^{2 3}	Repairs and maintenance	21,195	(570)	-	20,625
Supplies and services ^{2 3}	Security	518	(3)	-	515
Supplies and services ^{2 3}	Staff training and development	3,078	(30)	-	3,048
Supplies and services ^{2 3}	Staff travel expenses	3,373	(37)	-	3,336
Supplies and services ^{2 3}	Waste removal	1,367	(1)	-	1,366
Supplies and services ^{2 3}	Other supplies and services	4,470	(12)	-	4,458
Depreciation and amortisation expense ²	Medical, surgical, dental and biomedical equipment	3,539	(436)	-	3,103
Depreciation and amortisation expense ²	Other plant and equipment	521	(1)	-	520
Depreciation and amortisation expense ²	Plant and equipment under finance lease	55	(43)	-	12
Grants and subsidies ⁴	Recurrent grants	302	-	73	375
Grants and subsidies ⁴	Subsidies	-	-	212	212
Grants and subsidies ⁴	Funding to non-government organisations	3,130	-	19,457	22,587
Grants and subsidies ⁴	Other	-	-	168	168
Other expenses ⁴	Bad and doubtful debts	2,105	-	(2,249)	(144)
Other expenses ^{2 3}	Other	1,373	109	-	1,482
Revenue from fees and charges ⁴	Patient and client fees	20,472	-	(2,472)	18,000
Revenue from fees and charges ^{2 3}	Recoveries	15,275	(65)	-	15,210
Revenue from fees and charges ^{2 3}	Other user charges and fees	18,840	(4,128)	-	14,712
Grants and contributions ³	Pharmaceutical benefits scheme Commonwealth subsidy	5,791	(5,791)	-	-
Other revenue ^{2 3}	Other	1,629	(1)	-	1,628
Revenue from SA Government ^{2 3}	Recurrent funding	586,523	(4,374)	-	582,149
Cash and cash equivalents ⁴	Cash at bank or on hand - non- government financial institutions	50,004	-	(11,608)	38,396
Cash and cash equivalents ⁴	Deposits with Treasurer	-	-	11,608	11,608
Receivables ⁴	Compensable	44	-	946	990
Receivables ⁴	Other	4,587	-	(1,070)	3,517
Receivables ^{2 3}	Current - Workers compensation provision recoverable	2,484	(28)	-	2,456
Receivables ^{2 3}	Current - Debtors	8,573	(1)	-	8,572
Receivables ⁴	Less: allowance for doubtful debts	(2,234)	-	124	(2,110)
Receivables ^{2 3}	Non current - Workers compensation provision recoverable	3,886	(44)	-	3,842

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error ¹ (\$'000)	Prior period reclass- ification ⁴ (\$'000)	2014-15 Restated Balance (\$'000)
Receivables ^{2 3}	Non current - Debtors	123	(1)	-	122
Inventories ³	Drug supplies	1,928	(594)	-	1,334
Property, plant and equipment ²	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	42,096	(6,039)	-	36,057
Property, plant and equipment ²	Other plant and equipment at cost (deemed fair value)	9,635	(20)	-	9,615
Property, plant and equipment ²	Plant and equipment under finance lease at fair value	565	(434)	-	131
Property, plant and equipment ²	Accumulated depreciation - medical, surgical, dental and biomedical equipment	34,180	(4,547)	-	29,633
Property, plant and equipment ²	Accumulated depreciation - other plant and equipment	5,453	(16)	-	5,437
Property, plant and equipment ²	Accumulated amortisation - plant and equipment under finance lease	413	(297)	-	116
Payables ^{2 3}	Current - Staff on-costs	6,077	(37)	-	6,040
Payables ^{2 3}	Non current - Staff on-costs	3,142	(12)	-	3,130
Staff benefits ^{2 3}	Annual leave	40,083	(228)	-	39,855
Staff benefits ^{2 3}	Current - Long service leave	11,584	(19)	-	11,565
Staff benefits ^{2 3}	Accrued salaries and wages	17,050	(128)	-	16,922
Staff benefits ^{2 3}	Skills and experience retention leave	3,216	(12)	-	3,204
Staff benefits ^{2 3}	Other	19	-	-	19
Staff benefits ^{2 3}	Non current - Long service leave	69,838	(209)	-	69,629
Provisions ^{2 3}	Current - Provision for workers compensation	7,104	(81)	-	7,023
Provisions ^{2 3}	Non current - Provision for workers compensation	14,768	(167)	-	14,601
Equity ^{2 3}	Retained earnings	215,009	(1,408)	-	213,601

¹ Business transfers

² SA Medical Imaging

³ SA Pharmacy

⁴ Comparative change

3 New and revised accounting standards and policies

The Hospital did not voluntarily change any of its accounting policies during 2015-16.

Accounting Policy Framework

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2016. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department, except as outlined below.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117	1 January 2019	AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement we have entered into at the time, this could see significant assets and liabilities being recognised and amortised over the lease term.	1 July 2019
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of the Hospital. As a result of the amending standard, the financial report may include some terminology changes e.g. ‘summary of significant accounting policies’ to ‘significant accounting policies’; and possibly grouping or ordering of similar items in the notes.	1 July 2016

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 and AASB 1049]</i>	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	The Hospital is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require the Hospital to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

4 Staff benefit expenses

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	417,118	394,858	417,118	394,858
TVSP (refer below)	18	-	18	-
Long service leave (LSL)	21,247	10,788	21,247	10,788
Annual leave	39,585	37,106	39,585	37,106
Skills and experience retention leave (SERL)	2,015	1,797	2,015	1,797
Staff on-costs - superannuation	44,892	43,383	44,892	43,383
Workers compensation	6,395	4,470	6,395	4,470
Board and committee fees	78	86	78	86
Other staff related expenses	344	(97)	344	(97)
Total staff benefit expenses	531,692	492,391	531,692	492,391
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)				
Amount paid during the reporting period to separated staff:				
TVSPs	18	-	18	-
Annual leave, LSL and SERL paid to those employees	9	-	9	-
	27	-	27	-
Number of staff who received a TVSP during the reporting period	1	-	1	-

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	No.	No.	No.	No.
Remuneration of staff				
The number of staff whose remuneration received or receivable falls within the following bands:				
\$141,500 - \$145,000*	na	13	na	13
\$145,001 - \$155,000	28	17	28	17
\$155,001 - \$165,000	10	8	10	8
\$165,001 - \$175,000	2	3	2	3
\$175,001 - \$185,000	5	2	5	2
\$185,001 - \$195,000	3	3	3	3
\$195,001 - \$205,000	2	4	2	4
\$205,001 - \$215,000	1	3	1	3
\$215,001 - \$225,000	4	3	4	3
\$225,001 - \$235,000	4	3	4	3
\$235,001 - \$245,000	2	-	2	-
\$245,001 - \$255,000	1	1	1	1
\$255,001 - \$265,000	-	1	-	1
\$265,001 - \$275,000	1	1	1	1
\$275,001 - \$285,000	3	1	3	1
\$285,001 - \$295,000	4	3	4	3
\$295,001 - \$305,000	3	2	3	2
\$305,001 - \$315,000	3	2	3	2
\$325,001 - \$335,000	-	2	-	2
\$335,001 - \$345,000	1	1	1	1
\$345,001 - \$355,000	2	1	2	1
\$355,001 - \$365,000	-	3	-	3
\$365,001 - \$375,000	2	2	2	2
\$375,001 - \$385,000	1	1	1	1
\$385,001 - \$395,000	-	1	-	1
\$395,001 - \$405,000	2	2	2	2
\$405,001 - \$415,000	3	2	3	2
\$415,001 - \$425,000	2	1	2	1
\$425,001 - \$435,000	3	1	3	1
\$435,001 - \$445,000	2	1	2	1
\$445,001 - \$455,000	2	1	2	1
\$455,001 - \$465,000	1	2	1	2
\$465,001 - \$475,000	1	1	1	1
\$475,001 - \$485,000	1	1	1	1
\$485,001 - \$495,000	1	1	1	1
\$525,001 - \$535,000	1	1	1	1
\$535,001 - \$545,000	1	-	1	-
\$555,001 - \$565,000	1	-	1	-
\$565,001 - \$575,000	-	1	-	1
\$575,001 - \$585,000	1	1	1	1
\$605,001 - \$615,000	2	1	2	1
\$615,001 - \$625,000	-	1	-	1
\$625,001 - \$635,000	1	-	1	-
Total number of staff	107	99	107	99
	\$'000	\$'000	\$'000	\$'000
Total remuneration received or due and receivable by staff included above:	28,867	25,611	28,867	25,611

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

Where staff have left the Hospital, the remuneration reflects lump sum long service leave, annual leave and termination benefits. Remuneration does not include inventor royalty payments.

Where staff have left the Hospital, the remuneration reflects lump sum long service leave, annual leave and termination benefits.

Staff whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Medical (excluding Nursing) remuneration \$21.356 million, 63 staff (\$18.356 million, 56 staff);
- Executive remuneration \$2.717 million, 13 staff (\$2.745 million, 13 staff);
- Nursing remuneration \$4.107 million, 27 staff (\$3.597 million, 24 staff);
- Non-medical (i.e. administration) remuneration \$0.687 million, 4 staff (\$0.913 million, 6 staff).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

5	Supplies and services	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Administration	1,628	1,699	1,628	1,699
	Advertising	347	507	347	507
	Communication	3,915	3,263	3,915	3,263
	Computing	10,212	10,791	10,212	10,791
	Contractors	1,590	2,118	1,590	2,118
	Contractors - agency staff	13,997	15,440	13,997	15,440
	Consultants	146	119	146	119
	Drug supplies	8,426	7,519	8,426	7,519
	Electricity, gas and fuel	8,924	10,680	8,924	10,680
	Fee for service	78,865	77,631	78,865	77,631
	Finance lease contingent rentals	2,260	1,936	2,260	1,936
	Food supplies	9,566	9,693	9,566	9,693
	Housekeeping	7,560	7,546	7,560	7,546
	Insurance	7,251	6,970	7,251	6,970
	Internal SA Health SLA payments	6,537	14,502	6,537	14,502
	Legal	131	104	131	101
	Medical, surgical and laboratory supplies	38,601	36,148	38,601	36,148
	Minor equipment	3,096	8,582	3,096	8,582
	Motor vehicle expenses	2,230	2,874	2,230	2,874
	Occupancy rent and rates	5,329	5,222	5,329	5,222
	Patient transport	19,127	17,017	19,127	17,017
	Payments to Shared Services SA	6,527	6,709	6,527	6,709
	Periodical, journals and publications	106	167	106	167
	Postage	1,155	1,249	1,155	1,249
	Printing and stationery	2,995	3,467	2,995	3,467
	Rental expense on operating lease	4,222	4,059	4,222	4,059
	Repairs and maintenance	22,299	20,625	22,299	20,625
	Security	670	515	670	515
	Staff training and development	3,237	3,048	3,237	3,048
	Staff travel expenses	2,724	3,336	2,724	3,336
	Waste removal	1,592	1,366	1,592	1,366
	Other supplies and services	2,899	4,460	2,895	4,458
	Total supplies and services	278,164	289,362	278,160	289,357

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:				
	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	-	-	1	6
Above \$10,000	3	146	5	113
Total paid/payable to consultants engaged	3	146	6	119

Parent				
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:				
	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	-	-	1	6
Above \$10,000	3	146	5	113
Total paid/payable to consultants engaged	3	146	6	119

6 Depreciation and amortisation expense	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Depreciation				
Buildings and improvements	22,081	20,351	9,879	9,051
Site improvements	6,948	1,528	3,681	611
Computing equipment	5	5	5	5
Medical, surgical, dental and biomedical equipment	2,816	3,103	2,816	3,103
Motor vehicles	114	121	114	121
Power generation and transmission	313	439	313	439
Other plant and equipment	497	520	497	520
Total depreciation	32,774	26,067	17,305	13,850

	Consolidated		Parent	
	2016	2015	2016	2015
Amortisation				
Buildings and improvements under finance lease	1,987	2,047	1,987	2,047
Leasehold improvements	128	159	128	159
Plant and equipment under finance lease	5	12	5	12
Intangible assets	36	21	36	21
Total amortisation	2,156	2,239	2,156	2,239
Total depreciation and amortisation	34,930	28,306	19,461	16,089

7 Grants and subsidies	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Recurrent grants	97	375	97	375
Subsidies	95	212	95	212
Funding to non-government organisations	22,866	22,587	22,866	22,587
Other	444	522	402	168
Total grants and subsidies	23,502	23,696	23,460	23,342

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

8	Borrowing costs	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	1,468	1,792	1,468	1,792
	Interest on borrowings	127	171	127	171
	Other finance charges	7	9	7	9
	Total borrowing cost expenses	1,602	1,972	1,602	1,972

9	Other expenses	Note	Consolidated		Parent	
			2016	2015	2016	2015
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	20	130	(144)	130	(144)
	Bank fees and charges		46	58	44	57
	Donated assets expense		314	270	1,479	4,497
	Net loss on revaluation of shares		20	26	20	26
	Other		1,176	1,482	1,182	1,482
	Total other expenses		1,686	1,692	2,855	5,918

10	Auditor's remuneration	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Audit fees paid/payable relating to the audit of financial statements				
	Auditor fees - auditing financial statements	694	695	694	695
	Auditor fees - other services	61	56	61	56
	Total audit fees	755	751	755	751

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses – Other' (refer Note 9).

11	Revenue from fees and charges	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
	Ambulance transport	1	23	1	23
	Fines, fees and penalties	-	4	-	4
	Insurance recoveries from health services	28	66	28	66
	Patient and client fees	18,231	18,000	18,231	18,000
	Private practice fees	1,137	849	1,137	849
	Recoveries	15,037	15,210	15,037	15,210
	Residential and other aged care charges	26,913	26,248	26,913	26,248
	Sale of goods - medical supplies	1,798	1,622	1,798	1,622
	Other user charges and fees	12,446	14,712	12,446	14,712
	Total fees and charges	75,591	76,734	75,591	76,734

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

12 Grants and contributions	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
12.1 Commonwealth revenues / grants and contributions				
Commonwealth grants and donations	38,920	40,487	38,920	40,487
Commonwealth aged care subsidies	72,387	67,978	72,387	67,978
Total Commonwealth grants and contributions	111,307	108,465	111,307	108,465
12.2 Grants and contributions from SA Government agencies				
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Capital contributions	-	-	1,334	353
Other grants and contributions from SA Government agencies	8,664	8,556	9,313	9,774
Total grants and contributions from SA Government agencies	8,664	8,556	10,647	10,127
12.3 Private sector grants and contributions				
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Private sector capital contributions	156	228	156	228
Private sector grants and contributions	8,739	8,828	8,739	8,828
Total private sector grants and contributions	8,895	9,056	8,895	9,056
Total grants and contributions	128,866	126,077	130,849	127,648
Restrictions on contributions received				
Of the \$128.866 million (\$126.077 million) received in 2015-16 for grants and contributions, \$128.866million (\$126.077 million) was provided for specific purposes, such as research and associated activities.				
13 Interest revenue				
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest from SAFA	28	33	28	33
Bank interest	2,461	2,694	2,185	2,363
Total interest revenue	2,489	2,727	2,213	2,396
14 Resources received free of charge				
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Buildings	-	510	-	510
Plant and equipment	9	-	9	-
Total resources received free of charge	9	510	9	510
15 Net gain/(loss) from disposal of non-current and other assets				
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	220	-	-	-
Less net book value of assets disposed	(309)	(16)	(17)	(16)
Less other costs of disposal	(9)	-	-	-
Net gain/(loss) from disposal of land and buildings	(98)	(16)	(17)	(16)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Plant and equipment:				
Proceeds from disposal	-	29	-	29
Less net book value of assets disposed	(276)	(310)	(276)	(310)
Net gain/(loss) from disposal of plant and equipment	(276)	(281)	(276)	(281)

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Total assets:				
Total proceeds from disposal	220	29	-	29
Less total value of assets disposed	(585)	(326)	(293)	(326)
Less other costs of disposal	(9)	-	-	-
Total net gain/(loss) from disposal of assets	(374)	(297)	(293)	(297)

16 Other revenue	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	13	9	13	9
Dividend revenue	4	4	4	4
Training revenue	2	5	2	5
Other	2,883	2,497	232	1,628
Total other revenue	2,902	2,515	251	1,646

17 Revenue from SA Government	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Revenue from SA Government (Department contributions for the provision of health services)				
Recurrent funding	604,729	582,149	604,729	582,149
Capital funding	12,924	30,007	12,924	30,007
Total revenues from Department for Health and Ageing	617,653	612,156	617,653	612,156

Total revenues from SA Government consist of \$604.729 million (\$582.149 million) for operational funding and \$12.924 million (\$30.007 million) for capital projects. For details on expenditure associated with the operational funding and capital funding received refer to the above expenditure notes.

There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

18 Unexpended funding commitments

The Hospital is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Hospital on the premise that these funds are expended in a manner consistent with the terms of the program. The Hospital had outstanding funding commitments to the following programs:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trachoma	260	150	260	150
Home and Community Care /Aged Care Assessment Program	-	425	-	425
Pinery Fire Mental Health Community Recovery	65	-	65	-
Patient Assisted Transport Scheme	67	-	67	-
Total unexpended funding commitments	392	575	392	575

19 Cash and cash equivalents

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	30,170	43,825	24,333	38,396
Deposits with Treasurer	17,272	11,608	17,272	11,608
Imprest account/cash on hand	107	111	107	110
Total cash	47,549	55,544	41,712	50,114

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is discussed in Note 32. The carrying amount of cash and cash equivalents represents fair value.

20 Receivables

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Patient/client fees				
Compensable	1,243	990	1,243	990
Aged care	5,285	6,042	5,285	6,042
Other	3,359	3,517	3,359	3,517
Workers compensation provision recoverable	4,348	2,456	4,348	2,456
Interest income receivable	639	448	590	413
Loans	144	-	144	-
Prepayments	673	720	673	720
Debtors	5,982	8,572	5,982	8,572
Receivables	21,673	22,745	21,624	22,710
Less: allowance for doubtful debts	(2,095)	(2,110)	(2,095)	(2,110)
Sundry receivables and accrued revenue	5,278	8,665	5,543	9,210
GST recoverable	880	1,372	878	1,368
Total current receivables	25,736	30,672	25,950	31,178

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Non-Current				
Workers compensation provision recoverable	3,052	3,842	3,052	3,842
Loans	144	-	144	-
Debtors	125	122	125	122
Receivables	3,321	3,964	3,321	3,964
GST recoverable	1,515	1,752	1,515	1,752
Total non-current receivables	4,836	5,716	4,836	5,716
Total receivables	30,572	36,388	30,786	36,894

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. The Hospital's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure

Refer to Note 32.

Bad and doubtful debts

The Hospital has recognised a bad and doubtful debt expense of \$0.130 million (-\$0.144 million) in the Statement of Comprehensive Income.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	2,110	2,780	2,110	2,780
Prior period error	-	(124)	-	(124)
Amounts written off	(270)	(842)	(270)	(842)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	255	296	255	296
Carrying amount at the end of the period	2,095	2,110	2,095	2,110

Revision of accounting estimates

The provision for doubtful debts has previously been calculated using an assessment of collectability rates as an average across SA Health. In 2015-16, it was decided that collectability rates specific to each Hospital be used in these calculations.

This has resulted in an decrease of \$0.508 million in the amount of doubtful debts expense calculated on these receivables in the 2015-16 financial year relative to that which would have been expensed based on the previous estimation of doubtful debts expense.

It is impracticable to estimate the effect on future years.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

21 Inventories	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current - held for distribution				
Materials at cost:				
Drug supplies	1,263	1,334	1,263	1,334
Medical, surgical and laboratory supplies	2,443	2,401	2,443	2,401
Food and hotel supplies	589	510	589	510
Engineering supplies	32	88	32	88
Other	166	189	166	189
Total current inventories - held for distribution	4,493	4,522	4,493	4,522

Inventory write-down

The Hospital has recognised an inventory write-down of \$0.075 million (\$0.021million) to net realisable value in the Statement of Comprehensive Income.

22 Other financial assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits:				
Finance institutions	78,051	54,632	69,402	46,496
SA Government Financing Authority	1,253	1,225	1,253	1,225
Other investments	69	84	69	84
Total current investments	79,373	55,941	70,724	47,805
Non-current				
Other investments	77	77	-	-
Total non-current investments	77	77	-	-
Total investments	79,450	56,018	70,724	47,805

Categorisation and maturity analysis of other financial assets and risk exposure information

Refer to Note 32.

23 Property, plant and equipment	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Land only holdings at fair value	875	875	145	145
Site land at fair value	46,036	46,106	18,660	18,659
Land at fair value	46,911	46,981	18,805	18,804
Buildings and improvements at fair value	629,413	626,275	276,841	274,552
Buildings and improvements under finance lease at fair value	90,730	90,714	90,730	90,714
Site improvements at fair value	97,601	97,541	46,962	46,902
Buildings and improvements under construction (work in progress)	6,680	2,690	6,680	2,690
Buildings and improvements	824,424	817,220	421,213	414,858
Accumulated amortisation - buildings and improvements under finance lease	2,159	172	2,159	172
Accumulated depreciation - buildings and improvements	31,571	2,555	14,788	1,231
Accumulated amortisation/depreciation	33,730	2,727	16,947	1,403
Total land, buildings and improvements	837,605	861,474	423,071	432,259

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Leasehold improvements				
Leasehold improvements at fair value	741	741	741	741
Accumulated amortisation	667	539	667	539
Total leasehold improvements	74	202	74	202
Plant and equipment				
Computing equipment at cost (deemed fair value)	280	348	280	348
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	35,426	36,057	35,426	36,057
Motor vehicles at cost (deemed fair value)	2,524	2,574	2,524	2,574
Power generation and transmission at cost (deemed fair value)	5,825	5,940	5,825	5,940
Other plant and equipment at cost (deemed fair value)	9,308	9,615	9,308	9,615
Plant and equipment under finance lease at fair value	130	131	130	131
Plant and equipment under construction (work in progress)	1,703	1,824	1,703	1,824
Total plant and equipment	55,196	56,489	55,196	56,489
Accumulated depreciation - computing equipment	280	343	280	343
Accumulated depreciation - medical, surgical, dental and biomedical equipment	29,656	29,633	29,656	29,633
Accumulated depreciation - motor vehicles	1,955	1,891	1,955	1,891
Accumulated depreciation - power generation and transmission	3,734	3,517	3,734	3,517
Accumulated depreciation - other plant and equipment	5,412	5,437	5,412	5,437
Accumulated amortisation - plant and equipment under finance lease	121	116	121	116
Accumulated amortisation/depreciation	41,158	40,937	41,158	40,937
Total plant and equipment	14,038	15,552	14,038	15,552
Total property, plant and equipment	851,717	877,228	437,183	448,013

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 1st June 2015.

The valuer arrived at the fair value of unrestricted land 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.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2016.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	46,981	811,803	202	2,690	861,676
Additions	-	-	-	7,469	7,469
Disposals	(70)	(222)	-	(17)	(309)
Depreciation and amortisation	-	(31,016)	(128)	-	(31,144)
Transfers between asset classes	-	3,446	-	(3,462)	(16)
Other movements	-	3	-	-	3
Carrying amount at the end of the period	46,911	784,014	74	6,680	837,679

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	45,007	681,514	361	45,201	772,083
Additions	-	22	-	23,276	23,298
Assets received free of charge	-	-	-	510	510
Disposals	(211)	(75)	-	-	(286)
Revaluation increment/(decrement)	2,185	88,477	-	-	90,662
Depreciation and amortisation	-	(23,926)	(159)	-	(24,085)
Transfers between asset classes	-	65,794	-	(66,296)	(502)
Other movements	-	(3)	-	(1)	(4)
Carrying amount at the end of the period	46,981	811,803	202	2,690	861,676

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	6,424	5	1,824	7,299	15,552
Additions	853	-	1,697	250	2,800
Assets received free of charge	9	-	-	-	9
Disposals	(483)	-	-	(107)	(590)
Depreciation and amortisation	(2,816)	(5)	-	(929)	(3,750)
Transfers between asset classes	1,782	-	(1,819)	53	16
Other movements	1	-	1	(1)	1
Carrying amount at the end of the period	5,770	-	1,703	6,565	14,038

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	9,335	10	555	8,365	18,265
Prior Period Adjustment	(1,928)	-	-	(197)	(2,125)
Additions	744	-	2,451	215	3,410
Disposals	(155)	-	-	(155)	(310)
Depreciation and amortisation	(3,103)	(5)	-	(1,080)	(4,188)
Transfers between asset classes	1,530	-	(1,182)	154	502
Other movements	1	-	-	(3)	(2)
Carrying amount at the end of the period	6,424	5	1,824	7,299	15,552

Other plant and equipment includes motor vehicles at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	18,804	410,765	202	2,690	432,461
Additions	-	-	-	7,469	7,469
Disposals	-	-	-	(1,098)	(1,098)
Depreciation and amortisation	-	(15,547)	(128)	-	(15,675)
Transfers between asset classes	-	2,365	-	(2,381)	(16)
Other movements	1	3	-	-	4
Carrying amount at the end of the period	18,805	397,586	74	6,680	423,145

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	18,442	334,517	361	45,201	398,521
Additions	-	22	-	23,276	23,298
Assets received free of charge	-	-	-	510	510
Disposals	(211)	(75)	-	(3,163)	(3,449)
Revaluation increment/(decrement)	650	26,375	-	-	27,025
Depreciation and amortisation	-	(11,709)	(159)	-	(11,868)
Acquisition/(disposal) through administrative restructuring	(77)	(913)	-	-	(990)
Transfers between asset classes	-	62,550	-	(63,133)	(583)
Other movements	-	(2)	-	(1)	(3)
Carrying amount at the end of the period	18,804	410,765	202	2,690	432,461

Land includes land only holdings at fair value and site land at fair value.

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	6,424	5	1,824	7,299	15,552
Additions	853	-	1,697	250	2,800
Assets received free of charge	9	-	-	-	9
Disposals	(483)	-	-	(107)	(590)
Depreciation and amortisation	(2,816)	(5)	-	(929)	(3,750)
Transfers between asset classes	1,782	-	(1,819)	53	16
Other movements	1	-	1	(1)	1
Carrying amount at the end of the period	5,770	-	1,703	6,565	14,038

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	9,335	10	555	8,365	18,265
Prior Period Adjustment	(1,928)	-	-	(197)	(2,125)
Additions	744	-	2,451	215	3,410
Disposals	(155)	-	-	(155)	(310)
Depreciation and amortisation	(3,103)	(5)	-	(1,080)	(4,188)
Transfers between asset classes	1,530	-	(1,182)	154	502
Other movements	1	-	-	(3)	(2)
Carrying amount at the end of the period	6,424	5	1,824	7,299	15,552

Other plant and equipment includes motor vehicles at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

24 Intangible assets	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Other computer software	181	181	181	181
Accumulated amortisation (Other computer software)	(57)	(21)	(57)	(21)
Residential aged care bed licences	700	700	700	700
Total intangible assets	824	860	824	860

Impairment

There were no indications of impairment of intangible assets at 30 June 2016,

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Consolidated

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Internally developed computer software	Other computer software	Bed Licences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	160	700	860
Amortisation	-	-	(36)	-	(36)
Carrying amount at the end of the period	-	-	124	700	824

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Internally developed computer software	Other computer software	Bed Licences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	-	700	700
Additions	153	-	28	-	181
Amortisation	-	-	(21)	-	(21)
Transfers between asset classes	(153)	-	153	-	-
Carrying amount at the end of the period	-	-	160	700	860

Parent

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress	Internally developed computer software	Other computer software	Bed Licences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	160	700	860
Amortisation	-	-	(36)	-	(36)
Carrying amount at the end of the period	-	-	124	700	824

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress	Internally developed computer software	Other computer software	Bed Licences	Total
		\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	-	700	700
Additions	153	-	28	-	181
Amortisation	-	-	(21)	-	(21)
Transfers between asset classes	(153)	-	153	-	-
Carrying amount at the end of the period	-	-	160	700	860

25 Fair Value Measurement

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 2016

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 23)	46,911	-	46,911	18,805	-	18,805
Buildings (Note 23)	-	784,014	784,014	-	397,586	397,586
Leasehold improvements (Note 23)	-	74	74	-	74	74
Plant and equipment (Note 23)	-	12,335	12,335	-	12,335	12,335
Total	46,911	796,423	843,334	18,805	409,995	428,800

Fair value measurements at 30 June 2015

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 23)	46,981	-	46,981	18,804	-	18,804
Buildings (Note 23)	-	811,803	811,803	-	410,765	410,765
Leasehold improvements (Note 23)	-	202	202	-	202	202
Plant and equipment (Note 23)	-	13,728	13,728	-	13,728	13,728
Total	46,981	825,733	872,714	18,804	424,695	443,499

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

During 2016 and 2015, 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 2015-16.

Valuation techniques and inputs

Land fair values were derived by using Level 2 valuation inputs, 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.

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.

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 were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings have been classified as Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Consolidated

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	812,005	13,728	825,733
Additions	-	1,103	1,103
Assets received free of charge	-	9	9
Disposals	(222)	(590)	(812)
Transfer into Level 3	3,446	1,835	5,281
Other movements	3	-	3
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(31,144)	(3,750)	(34,894)
Total gains/(losses) recognised in net result	(31,144)	(3,750)	(34,894)
Carrying amount at the end of the period	784,088	12,335	796,423

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	681,875	17,710	699,585
Prior Period Adjustment		(2,125)	(2,125)
Additions	22	959	981
Disposals	(75)	(310)	(385)
Transfer into Level 3	65,794	1,684	67,478
Other movements	(3)	(2)	(5)
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(24,085)	(4,188)	(28,273)
Total gains/(losses) recognised in net result	(24,085)	(4,188)	(28,273)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)			
- Revaluation increment/(decrement)	88,477	-	88,477
Total gains/(losses) recognised in OCI	88,477	-	88,477
Carrying amount at the end of the period	812,005	13,728	825,733

Parent

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	410,967	13,728	424,695
Additions	-	1,103	1,103
Assets received free of charge	-	9	9
Disposals	-	(590)	(590)
Transfer into Level 3	2,365	1,835	4,200
Other movements	3	-	3
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(15,675)	(3,750)	(19,425)
Total gains/(losses) recognised in net result	(15,675)	(3,750)	(19,425)
Carrying amount at the end of the period	397,660	12,335	409,995

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	334,878	17,710	352,588
Prior Period Adjustment		(2,125)	(2,125)
Additions	22	959	981
Disposals	(75)	(310)	(385)
Acquisition/(disposal) through administrative restructuring	(913)	-	(913)
Transfer into Level 3	62,550	1,684	64,234
Other movements	(2)	(2)	(4)
Gains/(losses) for the period recognised in net result:			
- Depreciation and amortisation	(11,868)	(4,188)	(16,056)
Total gains/(losses) recognised in net result	(11,868)	(4,188)	(16,056)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)			
- Revaluation increment/(decrement)	26,375	-	26,375
Total gains/(losses) recognised in OCI	26,375	-	26,375
Carrying amount at the end of the period	410,967	13,728	424,695

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

26 Payables	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Creditors and accrued expenses	36,190	29,913	36,190	29,927
Paid Parental Leave Scheme payable	94	141	94	141
Staff on-costs	6,660	6,040	6,660	6,040
Other payables	680	633	680	633
Total current payables	43,624	36,727	43,624	36,741

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Non-current				
Staff on-costs	3,953	3,130	3,953	3,130
Total non-current payables	3,953	3,130	3,953	3,130
Total payables	47,577	39,857	47,577	39,871

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the proportion of long service leave taken as leave has remained at 51% and the average factor for the calculation of staff superannuation cost on-cost has changed from the 2015 rate (9.96%) to 9.92%. 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 of \$0.351 million. The estimated impact on 2017 and 2018 is \$0.365 million and \$0.380 million respectively.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 32.

27 Borrowings	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Loans	778	734	778	734
Finance lease	2,602	2,420	2,602	2,420
Total current borrowings	3,380	3,154	3,380	3,154
Non-current				
Loans	1,976	2,754	1,976	2,754
Finance lease	16,666	19,268	16,666	19,268
Total non-current borrowings	18,642	22,022	18,642	22,022
Total borrowings	22,022	25,176	22,022	25,176

Categorisation of financial instruments, maturity analysis of payables and risk exposure information

Refer to Note 32.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28 Staff benefits	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	41,130	39,855	41,130	39,855
Long service leave	14,818	11,565	14,818	11,565
Accrued salaries and wages	12,482	16,922	12,482	16,922
Skills and experience retention leave	3,797	3,204	3,797	3,204
Other	67	19	67	19
Total current staff benefits	72,294	71,565	72,294	71,565
Non-current				
Long service leave	80,208	69,629	80,208	69,629
Total non-current staff benefits	80,208	69,629	80,208	69,629
Total staff benefits	152,502	141,194	152,502	141,194

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. 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 decreased from 2015 (2.7%) to 2016 (1.73%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the change in the current financial year is an increase in the reported long service leave liability of \$4.799 million and staff benefits expense of \$5.042 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Mercer Consulting (Australia) Pty Ltd left the salary inflation rate at 4% for long service leave liability and 3% 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.

29 Provisions	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Current					
Provision for workers compensation	29.1	8,260	7,023	8,260	7,023
Total current provisions		8,260	7,023	8,260	7,023
Non-current					
Provision for workers compensation	29.1	11,127	14,601	11,127	14,601
Total non-current provisions		11,127	14,601	11,127	14,601
Total provisions		19,387	21,624	19,387	21,624

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

29.1 Reconciliation of workers compensation	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
The following table shows the movement of workers compensation:				
Carrying amount at the beginning of the period	21,624	25,552	21,624	25,552
Reductions resulting from re-measurement or settlement without cost	(2,237)	(3,928)	(2,237)	(3,928)
Carrying amount at the end of the period	19,387	21,624	19,387	21,624

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet).

30 Other liabilities	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Unclaimed monies	213	235	213	235
Unearned revenue	1,983	134	1,983	134
Residential aged care bonds	61,657	46,402	61,657	46,402
Other	88	78	88	78
Total other liabilities	63,941	46,849	63,941	46,849

31 Equity	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Asset revaluation surplus	178,215	178,324	99,893	99,893
Retained earnings	530,961	577,536	180,400	213,601
Total equity	709,176	755,860	280,293	313,494

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.

32 Financial instruments/financial risk management

32.1 Financial risk management

Risk management is managed by the Department for Health and Ageing's Risk and Assurance Services section and 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 is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

32.2 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 Note 2.

Refer to Table 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 20 and 26).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 27).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 22).

32.3 Liquidity risk

Liquidity risk arises from the possibility that the Hospital is unable to meet its financial obligations as they fall due. The continued existence of the Hospital is dependent on State Government policy and on continued funding from the Department for the Hospital's administration and program delivery. The Hospital settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Hospital's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 32.3 represent the Hospital's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by the Hospital including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Table 32.3 Categorisation and maturity analysis of financial assets and liabilities

Consolidated						
	Notes	Carrying amount/ Fair value	Contractual maturities			
			Current	Within 1 year	1 - 5 years	More than 5 years
2016		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	47,549	47,549	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	19,921	19,645	132	144	-
Held to maturity investments						
Other financial assets	22	79,450	79,373	-	77	-
Total financial assets		146,920	146,567	132	221	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	36,123	36,123	-	-	-
Borrowings	27	2,754	65	713	1,976	-
Other financial liabilities	30	61,958	61,958	-	-	-
Finance lease liability	27, 33	19,268	314	3,454	12,613	2,887
Total financial liabilities		120,103	98,460	4,167	14,589	2,887

	Notes	Carrying amount/ Fair value	Contractual maturities			
			Current	Within 1 year	1 - 5 years	More than 5 years
2015		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	55,544	55,544	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	26,077	26,077	-	-	-
Held to maturity investments						
Other financial assets	22	56,018	55,941	-	77	-
Total financial assets		137,639	137,562	-	77	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	29,784	29,784	-	-	-
Borrowings	27	3,488	61	673	2,754	-
Other financial liabilities	30	46,715	46,715	-	-	-
Finance lease liability	27, 33	21,688	314	3,454	12,613	5,307
Total financial liabilities		101,675	76,874	4,127	15,367	5,307

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent

	Notes	Carrying amount/ Fair value	Contractual maturities			
			Current	Within 1 year	1 - 5 years	More than 5 years
2016		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	41,712	41,712	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	20,137	19,861	132	144	-
Held to maturity investments						
Other financial assets	22	70,724	70,724	-	-	-
Total financial assets		132,573	132,297	132	144	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	26	36,643	36,643	-	-	-
Borrowings	27	2,754	65	713	1,976	-
Other financial liabilities	30	61,958	61,958	-	-	-
Finance lease liability	33	19,268	314	3,454	12,613	2,887
Total financial liabilities		120,623	98,980	4,167	14,589	2,887

	Notes	Carrying amount/ Fair value	Contractual maturities			
			Current	Within 1 year	1 - 5 years	More than 5 years
2015		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	50,114	50,114	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	26,587	26,587	-	-	-
Held to maturity investments						
Other financial assets	22	47,805	47,805	-	-	-
Total financial assets		124,506	124,506	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	30,319	30,319	-	-	-
Borrowings	27	3,488	61	673	2,754	-
Other financial liabilities	30	46,715	46,715	-	-	-
Finance lease liability	33	21,688	314	3,454	12,613	5,307
Total financial liabilities		102,210	77,409	4,127	15,367	5,307

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they are excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 22 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

Credit risk arises when there is the possibility of the Hospital's debtors defaulting on their contractual obligations resulting in financial loss to the Hospital. The Hospital measures credit risk on a fair value basis and monitors risk on a regular basis.

The Hospital has minimal concentration of credit risk. The Hospital does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 20 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 32.4 represents the Hospital's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 32.4 Ageing analysis of financial assets

Consolidated	Past due but not impaired					
	Carrying amount	Not past due and not impaired	Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	Impaired financial assets
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	47,549	47,549	-	-	-	-
Receivables ⁽¹⁾	19,921	11,092	1,545	585	6,699	2,095
Other financial assets	79,450	79,450	-	-	-	-
	146,920	138,091	1,545	585	6,699	2,095
2015						
Cash and cash equivalents	55,544	55,544	-	-	-	-
Receivables ⁽¹⁾	26,077	19,954	1,187	775	4,161	2,110
Other financial assets	56,018	56,018	-	-	-	-
	137,639	131,516	1,187	775	4,161	2,110

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Parent	Past due but not impaired					Impaired financial assets
	Carrying amount	Not past due and not impaired	Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	41,712	41,712	-	-	-	-
Receivables ⁽¹⁾	20,137	11,308	1,545	585	6,699	2,095
Other financial assets	70,724	70,724	-	-	-	-
	132,573	123,744	1,545	585	6,699	2,095
2015						
Cash and cash equivalents	50,114	50,114	-	-	-	-
Receivables ⁽¹⁾	26,587	20,464	1,187	775	4,161	2,110
Other financial assets	47,805	47,805	-	-	-	-
	124,506	118,383	1,187	775	4,161	2,110

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

32.5 Market risk

Market risk for the Hospital is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. Any exposure to foreign currency risks is managed by SAFA.

32.6 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Hospital as it has been determined that the possible impact on comprehensive income or total equity from fluctuations in interest rates is immaterial.

33 Unrecognised contractual commitments

33.1 Operating lease expenditure commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	936	1,284	936	1,284
Later than one year but not longer than five years	1,737	1,469	1,737	1,469
Later than five years	793	753	793	753
Total operating lease commitments	3,466	3,506	3,466	3,506
Representing:				
Cancellable operating leases	3,466	3,506	3,466	3,506
Total operating lease commitments	3,466	3,506	3,466	3,506

The Hospital has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. Majority of the operating lease arrangements are for the use of properties.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

33.2 Finance lease liabilities commitments	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	6,530	6,327	6,530	6,327
Later than one year but not longer than five years	26,121	25,307	26,121	25,307
Later than five years	7,188	14,076	7,188	14,076
Total finance lease commitments	39,839	45,710	39,839	45,710
Less future finance lease charges and contingent rentals	(20,571)	(24,022)	(20,571)	(24,022)
Amount recognised as a liability	19,268	21,688	19,268	21,688
Total finance lease commitments	19,268	21,688	19,268	21,688

Included in finance lease commitments above is \$1.751 million (\$1.972 million) which is the GST component of the finance lease commitments.

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
The present value of finance leases payable is as follows:				
Within one year	3,768	3,768	3,768	3,768
Later than one year but not longer than five years	12,613	12,613	12,613	12,613
Later than five years	2,887	5,307	2,887	5,307
Present value of finance leases	19,268	21,688	19,268	21,688

Included in the Statement of Financial Position as:

	2016	2015	2016	2015
Current borrowings (Note 27)	2,602	2,420	2,602	2,420
Non-current borrowings (Note 27)	16,666	19,268	16,666	19,268
Total included in borrowings	19,268	21,688	19,268	21,688

The Hospital has entered into a number of finance leases. These finance leases are for buildings. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

The lease of the Health Facility to Mt Gambier and Districts Health Service is for 25 years with an option for a 10 year renewal. After 35 years the land and buildings revert to the Department. The lease commenced on 30 June 1997. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.

33.3 Expenditure Commitments

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenditure commitments				
Within one year	13,268	10,756	13,268	10,756
Later than one year but not longer than five years	19,287	9,859	19,287	9,859
Later than five years	9,445	5,235	9,445	5,235
Total other commitments	42,000	25,850	42,000	25,850

The Hospital expenditure commitments are for agreements for goods and services ordered but not received and funding to various non-government organisations.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

34 Transferred functions

Transferred in
2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc.

	Consolidated	Parent
	2016	2016
	\$'000	\$'000
Assets and liabilities transferred were:		
Payables	106	-
Employee benefits	1,573	1,679
Total liabilities	1,679	1,679
Total liabilities transferred	(1,679)	(1,679)

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the Local Health Networks and the SA Ambulance Service Inc.

	Consolidated	Parent
	2015	2015
	\$'000	\$'000
Assets and liabilities transferred were:		
Payables	93	93
Employee benefits	1,568	1,568
Total liabilities	1,661	1,661
Total liabilities transferred	(1,661)	(1,661)

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.

Transferred Out
2015-16

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) were transferred to the SA Distribution Centre division of the Department.

	Consolidated	Parent
	2016	2016
	\$'000	\$'000
Assets and liabilities transferred were:		
Inventory	565	565
Total assets	565	565
Total assets transferred	565	565

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

2014-15

- As discussed in Note 1, the assets, rights and liabilities of the former Hospitals and Incorporated Health Centres were vested in the Hospital and the Health Advisory Councils on 1 July 2008. Due to the need to seek clarification from Crown Law it was not possible to transfer all of the assets vested in the Health Advisory Councils in the previous financial year and as a result additional transfers of assets from the Parent Entity to the Health Advisory Councils have occurred in the current financial year.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. During the financial year additional inventory was transferred from the Hospital to the SA Distribution Centre division of the Department. The finalisation of the inventory transfer will occur in July 2015.

	Consolidated	Parent
	2015	2015
	\$'000	\$'000
Assets and liabilities transferred were:		
Property, plant and equipment	-	990
Inventory	897	897
Total assets	897	1,887
Total assets transferred	897	1,887

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

35 Contingent assets and liabilities

The Hospital is not aware of any contingent assets. The only contingent liabilities of the Hospital are as follows:

Health Advisory Councils

Under the Act, all real property except for property associated with Crown Land of the former country based Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

36 Cash flow reconciliation

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	47,549	55,544	41,712	50,114
Cash as per Statement of Financial Position	47,549	55,544	41,712	50,114
Balance as per Statement of Cash Flows	47,549	55,544	41,712	50,114
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	24,586	7,438	24,008	7,442
Department contributions for the provision of health services	(617,653)	(612,156)	(617,653)	(612,156)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(34,930)	(28,306)	(19,461)	(16,089)
Gain/(loss) on sale or disposal of non-current assets	(374)	(297)	(293)	(297)
Assets acquired at no cost or nominal consideration	9	510	9	510
Revenue credited directly to investments	1,633	1,541	1,439	1,329
Capital revenues	2,332	21,214	2,354	21,214
Assets donated free of charge	(314)	(270)	(1,395)	(3,513)
Revaluation of investments	(20)	(80)	(20)	(80)
Other	13	(7)	4	(7)
Movement in assets/liabilities				
Increase/(Decrease) in receivables	(5,816)	(8,263)	(6,108)	(8,294)
Increase/(Decrease) in inventories	536	(160)	536	(160)
(Increase)/Decrease in Staff Benefits	(9,735)	(8,234)	(9,735)	(8,234)
(Increase)/Decrease in payables and provisions	(5,268)	3,398	(5,203)	3,384
(Increase)/Decrease in other liabilities	(17,092)	(5,481)	(17,092)	(5,481)
Net cost of providing services	(662,093)	(629,153)	(648,610)	(620,432)

37 Interests in other entities

The Consolidated Entity through its control of the Hospitals has interests in a number of other entities as detailed below.

Controlled Entities

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

The HAC have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

38 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
4 Staff benefit expenses	250	207	531,442	492,184	531,692	492,391
Salaries and wages	-	-	417,118	394,858	417,118	394,858
TVSP	-	-	18	-	18	-
Long service leave (LSL)	-	-	21,247	10,788	21,247	10,788
Annual leave	-	-	39,585	37,106	39,585	37,106
Skills and experience retention leave (SERL)	-	-	2,015	1,797	2,015	1,797
Staff on-costs - superannuation	-	-	44,892	43,383	44,892	43,383
Workers compensation	-	-	6,395	4,470	6,395	4,470
Board and committee fees	-	-	78	86	78	86
Other employee related expenses	250	207	94	(304)	344	(97)
5 Supplies and services	100,775	94,510	177,389	194,852	278,164	289,362
Administration	114	572	1,514	1,127	1,628	1,699
Advertising	295	381	52	126	347	507
Communication	1,956	922	1,959	2,341	3,915	3,263
Computing	8,499	9,804	1,713	987	10,212	10,791
Contractors	8	56	1,582	2,062	1,590	2,118
Contractors - agency staff	7,755	7,948	6,242	7,492	13,997	15,440
Consultants	-	-	146	119	146	119

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

EXPENSES	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Drug supplies	896	396	7,530	7,123	8,426	7,519
Electricity, gas and fuel	58	85	8,866	10,595	8,924	10,680
Fee for service	4,598	4,044	74,267	73,587	78,865	77,631
Finance lease contingent rentals	-	-	2,260	1,936	2,260	1,936
Food supplies	286	143	9,280	9,550	9,566	9,693
Housekeeping	1,931	571	5,629	6,975	7,560	7,546
Insurance	5,934	5,838	1,317	1,132	7,251	6,970
Internal SA Health SLA payments	6,537	14,502	-	-	6,537	14,502
Legal	127	94	4	10	131	104
Medical, surgical and laboratory	18,616	9,861	19,985	26,287	38,601	36,148
Minor equipment	177	311	2,919	8,271	3,096	8,582
Motor vehicle expenses	1,757	2,324	473	550	2,230	2,874
Occupancy rent and rates	3,103	3,202	2,226	2,020	5,329	5,222
Patient transport	10,106	9,390	9,021	7,627	19,127	17,017
Payments to Shared Services SA	6,527	6,709	-	-	6,527	6,709
Periodical, journals and publications	3	4	103	163	106	167
Postage	32	19	1,123	1,230	1,155	1,249
Printing and stationery	818	297	2,177	3,170	2,995	3,467
Rental expense on operating lease	4,042	3,906	180	153	4,222	4,059
Repairs and maintenance	15,337	11,181	6,962	9,444	22,299	20,625
Security	59	43	611	472	670	515
Staff training and development	266	198	2,971	2,850	3,237	3,048
Staff travel expenses	51	49	2,673	3,287	2,724	3,336
Waste removal	1	-	1,591	1,366	1,592	1,366
Other supplies and services	886	1,660	2,013	2,800	2,899	4,460
6 Depreciation and amortisation expense	-	-	34,930	28,306	34,930	28,306
Buildings and improvements	-	-	22,081	20,351	22,081	20,351
Site improvements	-	-	6,948	1,528	6,948	1,528
Computing equipment	-	-	5	5	5	5
Medical, surgical, dental and biomedical equipment	-	-	2,816	3,103	2,816	3,103
Motor vehicles	-	-	114	121	114	121
Power generation and transmission	-	-	313	439	313	439
Other plant and equipment	-	-	497	520	497	520
Buildings and improvements under finance lease	-	-	1,987	2,047	1,987	2,047
Leasehold improvements	-	-	128	159	128	159
Plant and equipment under finance lease	-	-	5	12	5	12
Intangible assets	-	-	36	21	36	21
7 Grants and subsidies	499	468	23,003	23,228	23,502	23,696
Recurrent grants	97	300	-	75	97	375
Subsidies	-	-	95	212	95	212
Funding to non-government organisations	-	-	22,866	22,587	22,866	22,587
Other	402	168	42	354	444	522
8 Borrowing costs	134	180	1,468	1,792	1,602	1,972
Finance charges on finance leases	-	-	1,468	1,792	1,468	1,792
Interest on borrowings	127	171	-	-	127	171
Other finance charges	7	9	-	-	7	9
15 Net loss from disposal of non-current and other assets	-	-	374	297	374	297
Total proceeds from disposal	-	-	(220)	(29)	(220)	(29)
Less total value of assets disposed	-	-	585	326	585	326
Less other costs of disposal	-	-	9	-	9	-
9 Other expenses	321	272	610	669	931	941

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

EXPENSES	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Bad and doubtful debts	-	-	130	(144)	130	(144)
Bank fees and charges	-	-	46	58	46	58
Donated assets expense	314	270	-	-	314	270
Net loss on revaluation of shares	-	-	20	26	20	26
Other (excluding audit fees)	7	2	414	729	421	731
10 Auditor's remuneration	519	521	236	230	755	751
Auditor fees - auditing financial statements	519	521	175	174	694	695
Auditor fees - other services	-	-	61	56	61	56
TOTAL EXPENSES	102,498	96,158	769,452	741,558	871,950	837,716

INCOME	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
11 Revenue from fees and charges	3,336	3,895	72,255	72,839	75,591	76,734
Ambulance transport	-	-	1	23	1	23
Fines, fees and penalties	-	-	-	4	-	4
Insurance recoveries from health services	28	66	-	-	28	66
Patient and client fees	-	-	18,231	18,000	18,231	18,000
Private practice fees	-	108	1,137	741	1,137	849
Recoveries	2,855	3,161	12,182	12,049	15,037	15,210
Residential and other aged care	-	-	26,913	26,248	26,913	26,248
Sale of goods - medical supplies	121	92	1,677	1,530	1,798	1,622
Other user charges and fees	332	468	12,114	14,244	12,446	14,712
12 Grants and contributions	8,664	8,556	120,202	117,521	128,866	126,077
Commonwealth grants and donations	-	-	38,920	40,487	38,920	40,487
Commonwealth aged care subsidies	-	-	72,387	67,978	72,387	67,978
Pharmaceutical benefits scheme	-	-	-	-	-	-
Other grants and contributions from SA Government agencies	8,664	8,556	-	-	8,664	8,556
Private sector capital contributions	-	-	156	228	156	228
Private sector grants and contributions	-	-	8,739	8,828	8,739	8,828
13 Interest revenue	28	33	2,461	2,694	2,489	2,727
Interest from SAFA	28	33	-	-	28	33
Bank interest	-	-	2,461	2,694	2,461	2,694
14 Resources received free of charge	9	-	-	510	9	510
Buildings	-	-	-	510	-	510
Plant and equipment	9	-	-	-	9	-
16 Other revenue	12	2	2,890	2,513	2,902	2,515
Commissions revenue	-	-	13	9	13	9
Dividend revenue	-	-	4	4	4	4
Training revenue	-	-	2	5	2	5
Other	12	2	2,871	2,495	2,883	2,497
17 Revenue from SA Government	617,653	612,156	-	-	617,653	612,156
Recurrent funding	604,729	582,149	-	-	604,729	582,149
Capital funding	12,924	30,007	-	-	12,924	30,007
TOTAL INCOME	629,702	624,642	197,808	196,077	827,510	820,719

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
19 Cash and cash equivalents	17,272	11,608	30,277	43,936	47,549	55,544
Cash at bank or on hand - non-government financial institutions	-	-	30,170	43,825	30,170	43,825
Deposits with Treasurer	17,272	11,608	-	-	17,272	11,608
Imprest account/cash on hand	-	-	107	111	107	111
20 Receivables	7,988	8,074	22,584	28,314	30,572	36,388
Patient/client fees						
Compensable	-	-	1,243	990	1,243	990
Aged care	-	-	5,285	6,042	5,285	6,042
Other	-	-	3,359	3,517	3,359	3,517
Workers compensation provision recoverable	7,400	6,298	-	-	7,400	6,298
Interest income receivable	2	2	637	446	639	448
Loans	-	-	288	-	288	-
Prepayments	-	144	673	576	673	720
Debtors	567	1,491	5,540	7,203	6,107	8,694
Less: allowance for doubtful debts	-	-	(2,095)	(2,110)	(2,095)	(2,110)
Sundry receivables and accrued	19	139	5,259	8,526	5,278	8,665
GST recoverable	-	-	2,395	3,124	2,395	3,124
22 Other financial assets	1,253	1,225	78,197	54,793	79,450	56,018
Finance institutions	-	-	78,051	54,632	78,051	54,632
SA Government Financing Authority	1,253	1,225	-	-	1,253	1,225
Other investments	-	-	146	161	146	161
TOTAL FINANCIAL ASSETS	26,513	20,907	131,058	127,043	157,571	147,950
FINANCIAL LIABILITIES						
26 Payables	5,413	6,387	42,164	33,470	47,577	39,857
Creditors and accrued expenses	5,413	6,387	30,777	23,526	36,190	29,913
Paid Parental Leave Scheme payable	-	-	94	141	94	141
Staff on-costs	-	-	10,613	9,170	10,613	9,170
Other payables	-	-	680	633	680	633
27 Borrowings	2,754	3,488	19,268	21,688	22,022	25,176
Loans	2,754	3,488	-	-	2,754	3,488
Finance lease	-	-	19,268	21,688	19,268	21,688
30 Other liabilities	41	9	63,900	46,840	63,941	46,849
Unclaimed monies	-	-	213	235	213	235
Unearned revenue	41	-	1,942	134	1,983	134
Residential aged care bonds	-	-	61,657	46,402	61,657	46,402
Other	-	9	88	69	88	78
TOTAL FINANCIAL LIABILITIES	8,208	9,884	125,332	101,998	133,540	111,882

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Parent	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4	Staff benefit expenses	250	207	531,442	492,184	531,692	492,391
	Salaries and wages	-	-	417,118	394,858	417,118	394,858
	TVSP	-	-	18	-	18	-
	Long service leave (LSL)	-	-	21,247	10,788	21,247	10,788
	Annual leave	-	-	39,585	37,106	39,585	37,106
	Skills and experience retention leave (SERL)	-	-	2,015	1,797	2,015	1,797
	Staff on-costs - superannuation	-	-	44,892	43,383	44,892	43,383
	Workers compensation	-	-	6,395	4,470	6,395	4,470
	Board and committee fees	-	-	78	86	78	86
	Other employee related expenses	250	207	94	(304)	344	(97)
5	Supplies and services	100,775	94,510	177,385	194,847	278,160	289,357
	Administration	114	572	1,514	1,127	1,628	1,699
	Advertising	295	381	52	126	347	507
	Communication	1,956	922	1,959	2,341	3,915	3,263
	Computing	8,499	9,804	1,713	987	10,212	10,791
	Contractors	8	56	1,582	2,062	1,590	2,118
	Contractors - agency staff	7,755	7,948	6,242	7,492	13,997	15,440
	Consultants	-	-	146	119	146	119
	Drug supplies	896	396	7,530	7,123	8,426	7,519
	Electricity, gas and fuel	58	85	8,866	10,595	8,924	10,680
	Fee for service	4,598	4,044	74,267	73,587	78,865	77,631
	Finance lease contingent rentals	-	-	2,260	1,936	2,260	1,936
	Food supplies	286	143	9,280	9,550	9,566	9,693
	Housekeeping	1,931	571	5,629	6,975	7,560	7,546
	Insurance	5,934	5,838	1,317	1,132	7,251	6,970
	Internal SA Health SLA payments	6,537	14,502	-	-	6,537	14,502
	Legal	127	94	4	7	131	101
	Medical, surgical and laboratory supplies	18,616	9,861	19,985	26,287	38,601	36,148
	Minor equipment	177	311	2,919	8,271	3,096	8,582
	Motor vehicle expenses	1,757	2,324	473	550	2,230	2,874
	Occupancy rent and rates	3,103	3,202	2,226	2,020	5,329	5,222
	Patient transport	10,106	9,390	9,021	7,627	19,127	17,017
	Payments to Shared Services SA	6,527	6,709	-	-	6,527	6,709
	Periodical, journals and publications	3	4	103	163	106	167
	Postage	32	19	1,123	1,230	1,155	1,249
	Printing and stationery	818	297	2,177	3,170	2,995	3,467
	Rental expense on operating lease	4,042	3,906	180	153	4,222	4,059
	Repairs and maintenance	15,337	11,181	6,962	9,444	22,299	20,625
	Security	59	43	611	472	670	515
	Staff training and development	266	198	2,971	2,850	3,237	3,048
	Staff travel expenses	51	49	2,673	3,287	2,724	3,336
	Waste removal	1	-	1,591	1,366	1,592	1,366
	Other supplies and services	886	1,660	2,009	2,798	2,895	4,458

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

EXPENSES	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
6 Depreciation and amortisation expense	-	-	19,461	16,089	19,461	16,089
Buildings and improvements	-	-	9,879	9,051	9,879	9,051
Site improvements	-	-	3,681	611	3,681	611
Computing equipment	-	-	5	5	5	5
Medical, surgical, dental and biomedical equipment	-	-	2,816	3,103	2,816	3,103
Motor vehicles	-	-	114	121	114	121
Power generation and transmission	-	-	313	439	313	439
Other plant and equipment	-	-	497	520	497	520
Buildings and improvements under finance lease	-	-	1,987	2,047	1,987	2,047
Leasehold improvements	-	-	128	159	128	159
Plant and equipment under finance lease	-	-	5	12	5	12
Intangible assets	-	-	36	21	36	21
7 Grants and subsidies	499	468	22,961	22,874	23,460	23,342
Recurrent grants	97	300	-	75	97	375
Subsidies	-	-	95	212	95	212
Funding to non-government organisations	-	-	22,866	22,587	22,866	22,587
Other	402	168	-	-	402	168
8 Borrowing costs	134	180	1,468	1,792	1,602	1,972
Finance charges on finance leases	-	-	1,468	1,792	1,468	1,792
Interest on borrowings	127	171	-	-	127	171
Other finance charges	7	9	-	-	7	9
15 Net loss from disposal of non-current	-	-	293	297	293	297
Total proceeds from disposal	-	-	-	(29)	-	(29)
Less total value of assets disposed	-	-	293	326	293	326
9 Other expenses	1,492	4,499	608	668	2,100	5,167
Bad and doubtful debts	-	-	130	(144)	130	(144)
Bank fees and charges	-	-	44	57	44	57
Donated assets expense	1,479	4,497	-	-	1,479	4,497
Net loss on revaluation of shares	-	-	20	26	20	26
Other (excluding audit fees)	13	2	414	729	427	731
10 Auditor's remuneration	519	521	236	230	755	751
Auditor fees - auditing financial statements	519	521	175	174	694	695
Auditor fees - other services	-	-	61	56	61	56
TOTAL EXPENSES	103,669	100,385	753,854	728,981	857,523	829,366

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

INCOME	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
11 Revenue from fees and charges	3,336	3,895	72,255	72,839	75,591	76,734
Ambulance transport	-	-	1	23	1	23
Fines, fees and penalties	-	-	-	4	-	4
Insurance recoveries from health services	28	66	-	-	28	66
Patient and client fees	-	-	18,231	18,000	18,231	18,000
Private practice fees	-	108	1,137	741	1,137	849
Recoveries	2,855	3,161	12,182	12,049	15,037	15,210
Residential and other aged care charges	-	-	26,913	26,248	26,913	26,248
Sale of goods - medical supplies	121	92	1,677	1,530	1,798	1,622
Other user charges and fees	332	468	12,114	14,244	12,446	14,712
12 Grants and contributions	10,647	10,127	120,202	117,521	130,849	127,648
Commonwealth grants and donations	-	-	38,920	40,487	38,920	40,487
Commonwealth aged care subsidies	-	-	72,387	67,978	72,387	67,978
Pharmaceutical benefits scheme	-	-	-	-	-	-
Commonwealth subsidy	-	-	-	-	-	-
Capital contributions	1,334	353	-	-	1,334	353
Other grants and contributions from SA Government agencies	9,313	9,774	-	-	9,313	9,774
Private sector capital contributions	-	-	156	228	156	228
Private sector grants and contributions	-	-	8,739	8,828	8,739	8,828
13 Interest revenue	28	33	2,185	2,363	2,213	2,396
Interest from SAFA	28	33	-	-	28	33
Bank interest	-	-	2,185	2,363	2,185	2,363
14 Resources received free of charge	9	-	-	510	9	510
Buildings	-	-	-	510	-	510
Plant and equipment	9	-	-	-	9	-
16 Other revenue	12	2	239	1,644	251	1,646
Commissions revenue	-	-	13	9	13	9
Dividend revenue	-	-	4	4	4	4
Training revenue	-	-	2	5	2	5
Other	12	2	220	1,626	232	1,628
17 Revenue from SA Government	617,653	612,156	-	-	617,653	612,156
Recurrent funding	604,729	582,149	-	-	604,729	582,149
Capital funding	12,924	30,007	-	-	12,924	30,007
TOTAL INCOME	631,685	626,213	194,881	194,877	826,566	821,090
FINANCIAL ASSETS						
19 Cash and cash equivalents	17,272	11,608	24,440	38,506	41,712	50,114
Cash at bank or on hand - non-government financial institutions	-	-	24,333	38,396	24,333	38,396
Deposits with Treasurer	17,272	11,608	-	-	17,272	11,608
Imprest account/cash on hand	-	-	107	110	107	110

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
20 Receivables	8,253	8,619	22,533	28,275	30,786	36,894
Patient/client fees						
Compensable	-	-	1,243	990	1,243	990
Aged care	-	-	5,285	6,042	5,285	6,042
Other	-	-	3,359	3,517	3,359	3,517
Workers compensation provision recoverable	7,400	6,298	-	-	7,400	6,298
Interest income receivable	2	2	588	411	590	413
Loans	-	-	288	-	288	-
Prepayments	-	144	673	576	673	720
Debtors	567	1,491	5,540	7,203	6,107	8,694
Less: allowance for doubtful debts	-	-	(2,095)	(2,110)	(2,095)	(2,110)
Sundry receivables and accrued	284	684	5,259	8,526	5,543	9,210
GST recoverable	-	-	2,393	3,120	2,393	3,120
22 Other financial assets	1,253	1,225	69,471	46,580	70,724	47,805
Finance institutions	-	-	69,402	46,496	69,402	46,496
SA Government Financing Authority	1,253	1,225	-	-	1,253	1,225
Other investments	-	-	69	84	69	84
TOTAL FINANCIAL ASSETS	26,778	21,452	116,444	113,361	143,222	134,813
FINANCIAL LIABILITIES						
26 Payables	5,413	6,401	42,164	33,470	47,577	39,871
Creditors and accrued expenses	5,413	6,401	30,777	23,526	36,190	29,927
Paid Parental Leave Scheme payable	-	-	94	141	94	141
Employment on-costs	-	-	10,613	9,170	10,613	9,170
Other payables	-	-	680	633	680	633
27 Borrowings	2,754	3,488	19,268	21,688	22,022	25,176
Loans	2,754	3,488	-	-	2,754	3,488
Finance lease	-	-	19,268	21,688	19,268	21,688
30 Other liabilities	41	9	63,900	46,840	63,941	46,849
Unclaimed monies	-	-	213	235	213	235
Unearned revenue	41	-	1,942	134	1,983	134
Residential aged care bonds	-	-	61,657	46,402	61,657	46,402
Other	-	9	88	69	88	78
TOTAL FINANCIAL LIABILITIES	8,208	9,898	125,332	101,998	133,540	111,896

39 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Country Health SA Risk Management and Audit Committee

Dr T Stubbs (Chair)

Ms M Martin

Mr J Drew

Dr R Wilson

Country Health SA Local Health Network Health Advisory Council Inc (Governing Council)

Blacker P (Presiding Member)

Healy R

Sparkes D

Evans L (appointed 01/09/2015)

Newbury J (ceased 25/02/2016)

Gregurke K

Sam G

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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

	2016 No. of Members	2015 No. of Members
\$0	1	2
\$1 - \$9,999	8	8
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	1	1
Total	11	12

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.079 million (\$0.086 million).

* In accordance with the *Department of 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.

40 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.

41 Segment information

The Hospital is required by Commonwealth funding requirements to disclose segment information for Residential Aged Care services.

Residential Aged Care Services funded by the Commonwealth are provided through the following Aged Care Facilities which form part of the Consolidated Entity and are not separately incorporated.

	RAC ID
• Ira Parker Nursing Home, Balaklava	6004
• Bonney Lodge, Barmera	6149
• Hawdon House, Barmera	6005
• Charla Lodge, Bordertown	6027
• Kara House, Clare	6016
• Glenview Homes, Gumeracha	6138
• Hills Mallee Southern Aged Care Facility	6178
• Kapunda Homes	6057
• Loxton District Nursing Home	6405
• Loxton Hostel for the Aged	6064
• Sheoak Lodge, Millicent	6510
• Naracoorte Nursing Home	6926
• Orroroo Community Home	6070
• Nalya Lodge, Peterborough	6122
• Renmark Nursing Home	6936
• Renmark Hostel	6075
• Wakefield Aged Care Service	6190
• Strathalbyn & District Aged Care Facility	6181
• Melaleuca Court Nursing Home, Yorketown	6512
• Hammill House, Port Pirie	6302
• Symonds Wing, Jamestown	6305
• Eudunda Hostel	6045

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment disclosures required by AASB 8 *Operating Segments* are as follows:

Segment revenues and expenses

	Residential Aged Care Services	Other operations	Consol- idated
	2016	2016	2016
	\$'000	\$'000	\$'000
Segment expenses			
Employee benefits	46,969	484,723	531,692
Interest and other borrowing costs	135	1,467	1,602
Depreciation and amortisation	174	34,756	34,930
Other	10,525	293,201	303,726
Total segment expenses	57,803	814,147	871,950
Segment revenues			
Resident charges	16,585	59,006	75,591
Government grants and subsidies	47,374	81,492	128,866
Other	1,038	4,362	5,400
Total segment revenue	64,997	144,860	209,857
Revenue from SA Government	-	617,653	617,653
Total revenues from/payments to SA Government	-	617,653	617,653
Segment result	7,194	(51,634)	(44,440)

	Residential Aged Care Services	Other operations	Consol- idated
	2015	2015	2015
	\$'000	\$'000	\$'000
Segment expenses			
Employee benefits	47,117	445,274	492,391
Interest and other borrowing costs	180	1,792	1,972
Depreciation and amortisation	171	28,135	28,306
Other	11,146	303,901	315,047
Total segment expenses	58,614	779,102	837,716
Segment revenues			
Resident charges	15,892	60,842	76,734
Government grants and subsidies	43,351	82,726	126,077
Other	907	4,845	5,752
Total segment revenue	60,150	148,413	208,563
Revenue from SA Government	-	612,156	612,156
Total revenues from/payments to SA Government	-	612,156	612,156
Segment result	1,536	(18,533)	(16,997)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment assets, liabilities and equity

	Residential Aged Care Services	Other operations	Consol- idated
	2016	2016	2016
	\$'000	\$'000	\$'000
Segment current assets			
Cash and cash equivalents	29,594	17,955	47,549
Receivables	4,575	21,161	25,736
Inventories	63	4,430	4,493
Other	8,527	70,846	79,373
Total segment current assets	42,759	114,392	157,151
Segment non-current assets			
Receivables	-	4,836	4,836
Property, plant and equipment	6,396	845,321	851,717
Other	-	901	901
Total segment non-current assets	6,396	851,058	857,454
Total segment assets	49,155	965,450	1,014,605
Segment current liabilities			
Payables	856	42,768	43,624
Borrowings	778	2,602	3,380
Employee benefits	4,602	67,692	72,294
Other	31,098	41,103	72,201
Total segment current liabilities	37,334	154,165	191,499
Segment non-current liabilities			
Payables	219	3,734	3,953
Borrowings	1,976	16,666	18,642
Employee benefits	4,841	75,367	80,208
Other	-	11,127	11,127
Total segment non-current liabilities	7,036	106,894	113,930
Total segment liabilities	44,370	261,059	305,429
Net segment assets	4,785	704,391	709,176
Segment equity			
Retained earnings	3,631	527,330	530,961
Asset revaluation surplus	1,154	177,061	178,215
Total segment equity	4,785	704,391	709,176
Changes in equity			
Balance at the beginning of the reporting period	(2,409)	758,269	755,860
Net result for 2015-2016	7,194	(51,634)	(44,440)
Total comprehensive result for 2015-2016	7,194	(51,634)	(44,440)
Net assets received from an administrative restructure	-	(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	-	(565)	(565)
Balance at the end of the reporting period	4,785	704,391	709,176

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services	Other operations	Consol- idated
	2015 \$'000	2015 \$'000	2015 \$'000
Segment current assets			
Cash and cash equivalents	13,593	41,951	55,544
Receivables	4,002	26,670	30,672
Inventories	55	4,467	4,522
Other	8,337	47,604	55,941
Total segment current assets	25,987	120,692	146,679
Segment non-current assets			
Receivables	-	5,716	5,716
Property, plant and equipment	6,550	870,678	877,228
Other	-	937	937
Total segment non-current assets	6,550	877,331	883,881
Total segment assets	32,537	998,023	1,030,560
Segment current liabilities			
Payables	850	35,877	36,727
Borrowings	734	2,420	3,154
Employee benefits	5,523	66,042	71,565
Other	20,483	33,389	53,872
Total segment current liabilities	27,590	137,728	165,318
Segment non-current liabilities			
Payables	178	2,952	3,130
Borrowings	2,754	19,268	22,022
Employee benefits	4,424	65,205	69,629
Other	-	14,601	14,601
Total segment non-current liabilities	7,356	102,026	109,382
Total segment liabilities	34,946	239,754	274,700
Net segment assets	(2,409)	758,269	755,860
Segment equity			
Retained earnings	(3,563)	581,099	577,536
Asset revaluation surplus	1,154	177,170	178,324
Total segment equity	(2,409)	758,269	755,860
Changes in equity			
Balance at the beginning of the reporting period	(4,119)	688,872	684,753
Net result for 2014-2015	1,536	(18,533)	(16,997)
Gain/(loss) on revaluation of property, plant and equipment	174	90,488	90,662
Total comprehensive result for 2014-2015	1,710	71,955	73,665
Net assets received from an administrative restructure	-	(1,661)	(1,661)
Net assets transferred as a result of an administrative restructure	-	(897)	(897)
Balance at the end of the reporting period	(2,409)	758,269	755,860

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment Cash Flows

	Residential Aged Care Services	Other operations	Consol- idated
	2016	2016	2016
	\$'000	\$'000	\$'000
2016			
<u>Segment cash flows from operating activities</u>			
Segment cash inflows			
Resident charges	15,880	65,983	81,863
Government grants and subsidies	47,374	82,395	129,769
Accommodation bonds received	16,460	10,765	27,225
Other	854	25,299	26,153
Total segment cash inflows	80,568	184,442	265,010
Segment cash outflows			
Employee benefits	(47,432)	(476,077)	(523,509)
Interest and other borrowing costs	(135)	(1,467)	(1,602)
Accommodation bonds refunded	(5,713)	(4,564)	(10,277)
Other	(10,438)	(308,817)	(319,255)
Total segment cash outflows	(63,718)	(790,925)	(854,643)
Cash flows from SA Government			
Receipts from SA Government	-	614,219	614,219
Total cash flows from SA Government	-	614,219	614,219
Net segment cash inflows/cash outflows from operating activities	16,850	7,736	24,586
<u>Segment cash flows from investing activities</u>			
Segment cash inflows			
Proceeds from sale/maturity of investments	-	550	550
Proceeds from sale of property, plant and equipment	-	220	220
Total segment cash inflows	-	770	770
Segment cash outflows			
Payments for purchase of investments	-	(22,369)	(22,369)
Payments for property, plant and equipment	(115)	(7,713)	(7,828)
Total segment cash outflows	(115)	(30,082)	(30,197)
Net segment cash inflows/cash outflows from investing activities	(115)	(29,312)	(29,427)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services	Other operations	Consol- idated
	2016 \$'000	2016 \$'000	2016 \$'000
<u>Segment cash flows from financing activities</u>			
Segment cash outflows	(734)	-	(734)
Repayment of borrowings	-	(2,420)	(2,420)
Repayment of finance leases	(734)	(2,420)	(3,154)
Total segment cash outflows	(734)	(2,420)	(3,154)
Net segment cash inflows/cash outflows from financing activities	(734)	(2,420)	(3,154)
Net increase/(decrease) in cash held	16,001	(23,996)	(7,995)
Cash at the beginning of the reporting period	13,592	41,952	55,544
Cash at the end of the reporting period	29,593	17,956	47,549

	Residential Aged Care Services	Other operations	Consol- idated
	2015 \$'000	2015 \$'000	2015 \$'000
<u>Segment cash flows from operating activities</u>			
Segment cash inflows	15,130	63,842	78,972
Resident charges	43,351	83,377	126,728
Government grants and subsidies	9,932	5,221	15,153
Accommodation bonds received	650	23,624	24,274
Other	69,063	176,064	245,127
Total segment cash inflows	69,063	176,064	245,127
Segment cash outflows	(45,429)	(440,119)	(485,548)
Employee benefits	(180)	(21,702)	(21,882)
Interest and other borrowing costs	(2,941)	(3,432)	(6,373)
Accommodation bonds refunded	(11,295)	(307,636)	(318,931)
Other	(59,845)	(772,889)	(832,734)
Total segment cash outflows	(59,845)	(772,889)	(832,734)

	Residential Aged Care Services	Other operations	Consol- idated
	2015 \$'000	2015 \$'000	2015 \$'000
Cash flows from SA Government			
Receipts from SA Government	-	595,045	595,045
Total cash flows from SA Government	-	595,045	595,045
Net segment cash inflows/cash outflows from operating activities	9,218	(1,780)	7,438
<u>Segment cash flows from investing activities</u>			
Segment cash inflows	-	4,333	4,333
Proceeds from sale/maturity of investments	-	29	29
Proceeds from sale of property, plant and equipment	-	4,362	4,362
Total segment cash inflows	-	4,362	4,362

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services 2015 \$'000	Other operations 2015 \$'000	Consol- idated 2015 \$'000
Segment cash outflows			
Payments for purchase of investments	-	(10,187)	(10,187)
Payments for property, plant and equipment	(11)	(3,421)	(3,432)
Payments for intangibles	-	(181)	(181)
Total segment cash outflows	(11)	(13,789)	(13,800)
Net segment cash inflows/cash outflows from investing activities	(11)	(9,427)	(9,438)
Segment cash flows from financing activities			
Segment cash outflows			
Repayment of borrowings	(677)	-	(677)
Repayment of finance leases	-	(2,067)	(2,067)
Total segment cash outflows	(677)	(2,067)	(2,744)
Net segment cash inflows/cash outflows from financing activities	(677)	(2,067)	(2,744)
Net increase/(decrease) in cash held	8,530	(13,274)	(4,744)
Cash at the beginning of the reporting period	5,062	55,226	60,288
Cash at the end of the reporting period	13,592	41,952	55,544

42 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Hospital's overall performance and are disclosed in the following schedules.

Private Practice Funds 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.

Schedule of Administered Expenses and Income

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered expenses		
Other expenses	133	133
Total administered expenses	133	133
Administered income		
Revenue from fees and charges	355	355
Total administered income	355	355
Net result	222	222

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Schedule of Administered Assets and Liabilities

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered current assets		
Cash and cash equivalents	324	324
Receivables	31	31
Total administered assets	355	355
Administered current liabilities		
Payables	133	133
Total administered liabilities	133	133
Net administered assets	222	222

Schedule of Administered Changes in Equity

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Balance at the beginning of the reporting period	-	-
Net result	222	222
Balance at the end of the reporting period	222	222

Schedule of Administered Cash Flows

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Cash flows from operating activities		
Cash inflows		
Fees and charges	324	324
Total cash inflows	324	324
Net cash inflows/cash outflows from operating	324	324
Net increase/(decrease) in cash held	324	324
Cash at the beginning of the reporting period	-	-
Cash at the end of the reporting period	324	324

Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

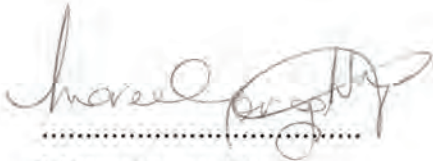
Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

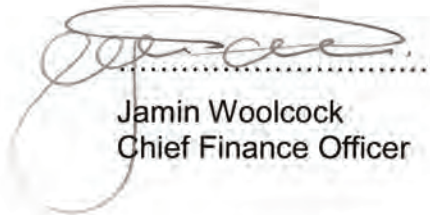
Certification of the financial statements

We certify that the:

- financial statements of the Country Health SA 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 Country Health SA Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Maree Geraghty
Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date 14/9/2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Officer Country Health SA Local Health Network Incorporated

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 accompanying financial report of the Country Health SA Local Health Network Incorporated and the consolidated entity comprising the Country Health SA Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

The financial report comprises the Country Health SA Local Health Network Incorporated and the entities it controlled at the year's end or from time to time during the financial year.

The Chief Executive's responsibility 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 the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, section 36(2) of the *Health Care Act 2008* and Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Health's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Country Health SA Local Health Network Incorporated and its controlled entities as at 30 June 2016, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016

Northern Adelaide Local
Health Network Incorporated

Financial report
for the year ended
30 June 2016

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Staff benefit expenses	4	412,228	380,752
Supplies and services	5	167,196	171,711
Depreciation and amortisation expense	6	27,067	24,209
Grants and subsidies	7	-	10
Net loss from disposal of non-current and other assets	14	169	282
Other expenses	8	1,698	1,381
Total expenses		608,358	578,345
Income			
Revenue from fees and charges	10	24,489	27,156
Grants and contributions	11	3,381	3,743
Interest revenue	12	122	251
Resources received free of charge	13	130	738
Other revenue	15	3,919	4,051
Total income		32,041	35,939
Net cost of providing services		576,317	542,406
Revenue from SA Government			
Revenue from SA Government	16	563,479	548,306
Total revenue from SA Government		563,479	548,306
Net result		(12,838)	5,900
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		-	(21,047)
Total other comprehensive income		-	(21,047)
Total comprehensive result		(12,838)	(15,147)

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Current assets			
Cash and cash equivalents	17	19,330	22,283
Receivables	18	7,665	6,070
Inventories	19	1,972	1,895
Total current assets		28,967	30,248
Non-current assets			
Receivables	18	1,859	2,135
Property, plant and equipment	20	444,953	448,147
Intangible assets	21	111	57
Total non-current assets		446,923	450,339
Total assets		475,890	480,587
Current liabilities			
Payables	23	15,658	15,989
Staff benefits	24	50,550	54,326
Provisions	25	4,653	3,935
Other liabilities	26	130	252
Total current liabilities		70,991	74,502
Non-current liabilities			
Payables	23	2,897	2,081
Staff benefits	24	59,533	47,254
Provisions	25	7,030	7,722
Total non-current liabilities		69,460	57,057
Total liabilities		140,451	131,559
Net assets		335,439	349,028
Equity			
Asset revaluation surplus	27	5,796	5,606
Retained earnings	27	329,643	343,422
Total equity		335,439	349,028
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	29		
Contingent assets and liabilities	31		

The above statement should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014	2.32	26,385	322,782	349,167
Error correction		268	15,346	15,614
Restated balance at 30 June 2014		26,653	338,128	364,781
Net result for 2014-15		-	5,900	5,900
Gain/(loss) on revaluation of property during 2014-15	20	(21,543)	-	(21,543)
Gain/(loss) on revaluation of plant and equipment during 2014-15	20	496	-	496
Total comprehensive result for 2014-15		(21,047)	5,900	(15,147)
Transactions with SA Government as owner				
Net assets received from an administrative restructure	30	-	(483)	(483)
Net assets transferred as a result of an administrative restructure	30	-	(213)	(213)
Balance at 30 June 2015		5,606	343,332	348,938
Error correction	2.32		90	90
Restated balance at 30 June 2015	27	5,606	343,422	349,028
Net result for 2015-16		-	(12,838)	(12,838)
Transfer between equity components		190	(190)	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	30	-	(751)	(751)
Balance at 30 June 2016	27	5,796	329,643	335,439

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Cash flows from operating activities			
Cash outflows			
Staff benefit payments		(403,336)	(373,322)
Payments for supplies and services		(180,195)	(182,726)
Payments of grants and subsidies		-	(10)
Payments for paid parental leave scheme		(1,111)	(1,055)
Other payments		(336)	(1,670)
Cash used in operations		(584,978)	(558,783)
Cash inflows			
Fees and charges		24,672	27,920
Grants and contributions		3,406	3,773
Interest received		122	266
GST recovered		11,511	9,787
Receipts for paid parental leave scheme		1,078	1,051
Other receipts		3,893	4,203
Cash generated from operations		44,682	47,000
Cash flows from SA Government			
Receipts from SA Government		544,279	523,008
Cash generated from SA Government		544,279	523,008
Net cash provided by / (used in) operating activities	32	3,983	11,225
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(6,862)	(3,445)
Purchase of intangibles		(74)	(24)
Cash used in investing activities		(6,936)	(3,469)
Net cash provided by/(used in) investing activities		(6,936)	(3,469)
Net increase/(decrease) in cash and cash equivalents		(2,953)	7,756
Cash and cash equivalents at the beginning of the period		22,283	14,527
Cash and cash equivalents at the end of the period	17	19,330	22,283
Non-cash transactions	32	(10,112)	3,008

The above statement should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1 Objectives of Northern Adelaide Local Health Network

The Northern Adelaide Local Health Network Incorporated (the Hospital) was incorporated on 1 July 2011 under the *Health Care Act 2008* (the Act).

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Ageing (the Department) and is accountable to the Chief Executive of the Department.

The Northern Adelaide Local Health Network Health Advisory Council Incorporated was established pursuant to the Act. The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and the Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital's primary objectives are to:

- promote, maintain and improve the health of the community in the north;
- monitor, maintain and improve services and programs to better meet the needs of the northern community, to enable patients to have access to the best care, first time, every time;
- improve the customer experience through partnerships between consumers, their families, carers and health care providers;
- ensure the Department, state and national priorities, services, outputs and outcomes are achieved;
- provide health advice and improve access to information to the public relating to health services available;
- initiate, facilitate, support and conduct research into any area of health service activity;
- foster innovation in the provision of health services.

1.1 Administrative restructures

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks (LHNs) and SA Ambulance Service Inc.(SAAS).

2014-15

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 30 September 2014, inventory associated with the Lyell McEwin Hospital and the Modbury Hospital was transferred to the Distribution Centre Division of the Department.
- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Details of the assets, rights and liabilities that transferred are provided in Note 30.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

Except for AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector* which the Hospital has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Hospital for the reporting period ending 30 June 2016 refer Note 3.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The Hospital's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.3 Reporting entity

The Hospital was established as an incorporated hospital under the Act on 1 July 2011.

The financial statements include all controlled activities of the Hospital. Transactions and balances relating to administered resources are not recognised as the Hospital's income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the schedule of administered items in Note 37. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as the Hospital.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

2.6 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.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Effective 1 January 2014, the Department, incorporated Hospitals and the SAAS were grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated Hospitals and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.7 Expenses

Expenses are recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from the Hospital will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Contributions paid

Contributions payable will be recognised as a liability and expense when the Hospital has a present obligation to pay the contribution and the expense recognition criteria are met.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Staff benefits expenses

Staff benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Hospital to the superannuation plan in respect of current services of current hospital staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

2.8 Income

Income is recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to the Hospital will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Contributions received

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Other revenue

Other revenue consists of car park revenue, commissions revenue, rent revenue and other non-specific revenues. Other revenue in relation to such items is recognised when economic benefits have occurred or are likely to occur and can be reliably measured.

2.9 Revenue from SA Government

The Department provides recurrent and capital funding under a service level agreement (SLA) 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.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Hospital has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Hospital has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.11 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.12 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

2.13 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

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.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.14 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Inventory imprest stock

2.15 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 all non-current tangible property, plant and equipment and intangible assets that it controls 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.

2.16 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework* :

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- the Hospital revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer;
- triennial revaluation of other non-current assets by a Certified Practicing Valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.17 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

2.18 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed on an annual basis.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment and software	3 - 5
• Other plant and equipment	3 - 25

2.19 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of, or internal development of software, is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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, which is between 5 - 10 years.

2.20 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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 valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

In determining fair value, the Hospital has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

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.

Financial asset/liabilities

The Hospital does not recognise any financial assets or financial liabilities at fair value.

2.21 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.22 Payables

Payables include creditors, accrued expenses, GST payable, staff on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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.

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave (SERL).

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.

2.23 Staff benefits

These benefits accrue for staff 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.

Salaries, wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

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.

Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of 4.0 percent; and
- Discounting of 1.97 percent per annum based on the gross 8 year Commonwealth bond rate prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the Hospital does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.24 Provisions

Provisions are recognised when the Hospital has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

With respect to the workers compensation liability, the Hospital includes an amount receivable for the lump sum and redemption portion of the workers compensation claims which is specifically funded by the Department.

Change of accounting estimate

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.25 Specific Purpose Funds

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.

2.26 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Hospital has only entered into operating leases and has no finance lease arrangements in place.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

2.27 Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

2.28 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.29 SA Government/Non-SA Government disclosures

The Hospital has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where the Hospital must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.30 Continuity of Operations

As at 30 June 2016, the Hospital had working capital deficiency of \$42.024 million (\$44.254 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.31 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

2.32 Correction of a prior period error

Leave liability correction as at 1 July 2014

During the 2015-16 financial year, an error was identified following a review of data in preparation for the implementation of the CHRIS21 payroll system. The error related to the understatement of leave liabilities for a number of staff. It was further determined that the majority of this understated value, totalling \$6.463 million, related to financial periods before 1 July 2014. This was corrected as a prior period adjustment as the actual error occurred in financial periods before the 2014-15 financial year.

Fixed asset correction as at 1 July 2014.

During the 2014-15 financial year, it was identified that Northern Mental Health and Primary Health Care transactions should have been reflected in the Hospital financial statements effective 1 July 2013. An error correction was reflected in the 2014-15 financial statements and in 2015-16 further the Hospital's assets valued at \$21.563 million were identified in the Central Adelaide Local Health Network asset register and corrected as a prior year adjustment in this financial report.

SA Pharmacy and SA Medical Imaging as at 1 July 2012

On 1 July 2012, SA Pharmacy and SA Medical Imaging became a statewide service, under Central Adelaide Local Health Network.

SA Pharmacy is responsible for the provision of pharmacy services at SA metropolitan public hospitals and at country hospitals with on-site pharmacy departments.

SA Medical Imaging is responsible for the provision of all medical imaging services at SA Public Hospitals within metropolitan and country South Australia across SA Health. Contracts with External Service Providers exist for Modbury Hospital and Noarlunga Hospital, and many country health sites.

During the 2015-16 financial year, it was identified that SA Pharmacy transactions and SA Medical Imaging transactions should have been reflected in the Central Adelaide Local Health Network's financial report effective 1 July 2012. In 2015-16 net expenses valued at \$0.045 million and net liabilities valued at \$0.604 million were identified and corrected as a prior year adjustment in this financial report.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Prior Period Classification

The 2015 comparative information has been amended to better reflect the nature of the transactions in accordance with Note 2.4 above. The amendments made had no impact on reported equity.

The correction of these errors in 2015-16 have resulted in certain account balances for 2014-15 being restated as follows:

Note	Description	2014-15 Balance (\$'000)	Prior Period Error (\$'000)	Prior Period Classi- fication (\$'000)	2014-15 Restated Balance (\$'000)
Staff benefits ^{1&3}	Annual leave	28,900	1,103		30,003
Staff benefits ^{1&3}	Long service leave	54,678	2,800		57,478
Staff benefits ³	Accrued salaries and wages	12,222	(290)		11,932
Staff benefits ^{1&3}	Skills and experience retention leave	2,122	44		2,166
Property, plant and equipment ²	Site land at fair value	36,240	2,550		38,790
Property, plant and equipment ²	Buildings and improvements at fair value	340,140	16,351		356,491
Property, plant and equipment ²	Site improvements at fair value	17,649	1,654		19,303
Property, plant and equipment ²	Accumulated depreciation - buildings and improvements	2,299	668		2,967
Property, plant and equipment ²	Leasehold improvements at fair value	5,994	2,398		8,392
Property, plant and equipment ²	Accumulated amortisation	511	818		1,329
Property, plant and equipment ^{2&3}	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	30,974	(1,500)		29,474
Property, plant and equipment ²	Accumulated depreciation - medical, surgical, dental and biomedical equipment	18,635	26		18,661
Property, plant and equipment ^{2&3}	Other plant and equipment at cost (deemed fair value)	5,266	553		5,819
Property, plant and equipment ²	Accumulated depreciation - other plant and equipment	3,946	472		4,418
Receivables ³	Debtors	733	(7)		726
Receivables ³	Workers compensation provision recoverable	3,473	(100)		3,373
Receivables ³	Sundry receivables and accrued revenue	1,363	(252)		1,111
Inventories ³	Drug supplies	833	(833)		-
Payables ³	Staff on-costs	6,812	(216)		6,596
Provisions ³	Provision for workers compensation	11,972	(315)		11,657
Staff benefit expenses ³	Salaries and wages	317,175	(11,658)		305,517
Staff benefit expenses ³	Long service leave (LSL)	8,685	(121)		8,564
Staff benefit expenses ³	Annual leave	29,721	(961)		28,760
Staff benefit expenses ³	Skills and experience retention leave (SERL)	1,066	(39)		1,027
Staff benefit expenses ³	Staff on-costs - superannuation	32,654	(1,027)		31,627
Staff benefit expenses ³	Workers compensation	3,523	(45)		3,478
Supplies and services ³	Administration	1,027	(7)		1,020

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 Balance	Prior Period Error	Prior Period Classi- fication	2014-15 Restated Balance
Supplies and services ³	Communication	483	(2)		481
Supplies and services ³	Computing	4,414	(6)		4,408
Supplies and services ³	Contractors - agency staff	19,308	(86)		19,222
Supplies and services ³	Drug supplies	17,310	(10,533)		6,777
Supplies and services ³	Fee for service	6,009	(16)		5,993
Supplies and services ³	Food supplies	3,885	(7)		3,878
Supplies and services ³	Housekeeping	22,193	(79)		22,114
Supplies and services ³	Medical, surgical and laboratory supplies	42,616	4,179		46,795
Supplies and services ³	Minor equipment	1,192	(76)		1,116
Supplies and services ³	Motor vehicle expenses	1,022	(2)		1,020
Supplies and services ³	Patient transport	4,523	(1)		4,522
Supplies and services ³	Postage	654	(34)		620
Supplies and services ³	Printing and stationery	1,767	(46)		1,721
Supplies and services ³	Repairs and maintenance	10,323	(1,103)		9,220
Supplies and services ³	Staff training and development	5,127	(90)		5,037
Supplies and services ³	Staff travel expenses	283	(51)		232
Supplies and services ^{3,4}	Other supplies and services	6,893	(103)	(134)	6,656
Depreciation and amortisation change ²	Buildings and improvements	19,220	505		19,725
Depreciation and amortisation change ²	Site improvements	416	53		469
Depreciation and amortisation change ²	Medical, surgical, dental and biomedical equipment	3,937	(557)		3,380
Depreciation and amortisation change ²	Other plant and equipment	215	21		236
Depreciation and amortisation change ²	Leasehold improvements	326	40		366
Other expenses ^{3,4}	Other	989	(777)	134	346
Revenue from fees and charges ³	Patient and client fees	12,998	(1,463)		11,535
Revenue from fees and charges ³	Private practice fees	5,536	(2,509)		3,027
Revenue from fees and charges ³	Recoveries	9,083	(573)		8,510
Revenue from fees and charges ³	Other user charges and fees	2,912	(14)		2,898
Grants and contributions ³	Pharmaceutical Benefits Scheme Commonwealth subsidy	11,568	(11,568)		-
Interest revenue ³	Interest on Special Purpose Funds (SPF)	170	(91)		79
Other revenue ³	Other	508	(3)		505
Revenue from SA Government ³	Recurrent funding	533,893	(7,391)		526,502
Other expenses ³	Bad and doubtful debts	1,430	(983)		447
Equity ^{1,2}	Asset revaluation surplus	5,338	268		5,606
Equity ^{1,2}	Retained Earnings	327,986	15,436		343,422

¹ Leave Liability Correction

² Fixed Asset Correction

³ SA Pharmacy and SA Medical Imaging

⁴ Comparative Change

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

3 New and revised accounting standards and policies

Accounting Standards

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Hospital for the period ending 30 June 2016. The Hospital has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Hospital, except as outlined below.

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.	1 January 2019	AASB 16 <i>Leases</i> will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement we have entered into at the time, this could see significant assets and liabilities being recognised and over the lease term amortised.	1 July 2019
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of the Hospital. As a result of the amending standard, the financial report may include some terminology changes eg ‘summary of significant accounting policies’ to ‘significant accounting policies’; and possibly grouping or ordering of similar items in the notes. In addition, the standard clarifies that where some standards specify information that is required to be disclosed, these need not be provided if not material.	1 July 2016

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 and AASB 1049]</i>	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	The Hospital is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require the Hospital to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

4 Staff benefit expenses

	2016 \$'000	2015 \$'000
Salaries and wages	325,349	305,517
TVSP (refer below)	575	172
Long service leave (LSL)	15,303	8,564
Annual leave	31,283	28,760
Skills and experience retention leave (SERL)	1,229	1,027
Staff on-costs - superannuation	32,946	31,627
Workers compensation	3,651	3,478
Board and committee fees	77	75
Other staff related expenses	1,815	1,532
Total staff benefit expenses	412,228	380,752

	2016 \$'000	2015 \$'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated staff:		
TVSPs	575	172
Annual leave, LSL and SERL paid to those employees	236	37
	811	209

Recovery from the Department of Treasury and Finance *	-	-
Net cost to the Hospital	811	209

Number of staff who received a TVSP during the reporting period	7	1
---	---	---

*TVSP recoveries from DTF are to be recognised when the Hospital obtains control over the funds associated with the TVSP recovery or the right to receive the TVSP recovery from DTF. This will generally be upon receipt of the funds or obtaining written confirmation/substantiation from DTF that provides a right to receive the funds associated with the TVSP recovery.

Remuneration of staff

	2016 No.	2015 No.
The number of staff whose remuneration received or receivable falls within the following bands:		
\$141,500 - \$145,000*	na	16
\$145,001 - \$155,000	41	42
\$155,001 - \$165,000	29	29
\$165,001 - \$175,000	20	17
\$175,001 - \$185,000	12	15
\$185,001 - \$195,000	6	13
\$195,001 - \$205,000	10	8
\$205,001 - \$215,000	10	10
\$215,001 - \$225,000	12	6
\$225,001 - \$235,000	9	10
\$235,001 - \$245,000	7	9
\$245,001 - \$255,000	10	7
\$255,001 - \$265,000	7	3
\$265,001 - \$275,000	4	5
\$275,001 - \$285,000	6	6
\$285,001 - \$295,000	3	6
\$295,001 - \$305,000	5	8
\$305,001 - \$315,000	9	10
\$315,001 - \$325,000	7	2
\$325,001 - \$335,000	4	4
\$335,001 - \$345,000	6	6
\$345,001 - \$355,000	8	12
\$355,001 - \$365,000	5	8
\$365,001 - \$375,000	6	5
\$375,001 - \$385,000	6	8

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	2016	2015
	No.	No.
\$385,001 - \$395,000	4	8
\$395,001 - \$405,000	11	4
\$405,001 - \$415,000	3	6
\$415,001 - \$425,000	-	2
\$425,001 - \$435,000	7	3
\$435,001 - \$445,000	4	2
\$445,001 - \$455,000	3	2
\$455,001 - \$465,000	1	-
\$465,001 - \$475,000	2	3
\$475,001 - \$485,000	3	4
\$485,001 - \$495,000	2	3
\$495,001 - \$505,000	3	3
\$505,001 - \$515,000	2	1
\$515,001 - \$525,000	-	2
\$525,001 - \$535,000	3	2
\$535,001 - \$545,000	4	-
\$545,001 - \$555,000	1	1
\$555,001 - \$565,000	2	1
\$565,001 - \$575,000	1	-
\$575,001 - \$585,000	1	-
\$585,001 - \$595,000	2	1
\$605,001 - \$615,000	-	1
\$615,001 - \$625,000	1	-
\$625,001 - \$635,000	-	1
\$635,001 - \$645,000	1	2
\$645,001 - \$655,000	-	4
\$655,001 - \$665,000	2	-
\$665,001 - \$675,000	1	2
\$675,001 - \$685,000	2	-
\$685,001 - \$695,000	1	1
\$695,001 - \$705,000	2	1
\$725,001 - \$735,000	-	1
\$735,001 - \$745,000	1	-
Total	312	326

	\$'000	\$'000
Total remuneration received or due and receivable by staff included above:	89,750	89,796

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

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, superannuation contributions, FBT and any other salary sacrifice benefits.

Where staff have left the Hospital, the remuneration reflects lump sum long service leave, annual leave and termination benefits.

Staff whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Medical (excluding Nursing) remuneration \$84.618 million, 281 staff (\$85.957 million, 301 staff);
- Executive remuneration \$1.369 million, 7 staff (\$0.732 million, 4 staff);
- Nursing remuneration \$3.243 million, 21 staff (\$2.815 million, 19 staff);
- Non-medical (i.e. administration) remuneration \$0.520 million, 3 staff (\$0.293 million, 2 staff).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

5 Supplies and services

	2016 \$'000	2015 \$'000
Administration	574	1,020
Advertising	77	131
Communication	618	481
Computing	4,523	4,408
Contractors	306	346
Contractors - agency staff	16,946	19,222
Consultants	72	176
Contract of services	117	113
Drug supplies	7,053	6,777
Electricity, gas and fuel	4,511	4,992
Fee for service	6,225	5,993
Food supplies	3,915	3,878
Housekeeping	22,439	22,114
Insurance	5,363	5,236
Internal SA Health SLA payments	2,270	4,287
Interstate patient transfers	12	-
Legal	94	125
Medical, surgical and laboratory supplies	46,938	46,795
Minor equipment	1,160	1,116
Motor vehicle expenses	228	1,020
Occupancy rent and rates	5,954	6,132
Patient transport	5,111	4,522
Payments to Shared Services SA	2,377	2,363
Periodical, journals and publications	38	39
Postage	733	620
Printing and stationery	2,327	1,721
Rental expense on operating lease	980	364
Repairs and maintenance	7,683	9,220
Security	6,489	6,181
Staff training and development	5,591	5,037
Staff travel expenses	280	232
Waste removal	455	394
Other supplies and services	5,737	6,656
Total supplies and services	167,196	171,711

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2016 \$'000	2015 \$'000
	No.	No.
Below \$10,000	4	2
Above \$10,000	2	4
Total paid/payable to consultants engaged	6	6

6 Depreciation and amortisation expense

	2016 \$'000	2015 \$'000
Depreciation		
Buildings and improvements	19,421	19,725
Site improvements	3,343	469
Computing equipment	16	16
Medical, surgical, dental and biomedical equipment	3,675	3,380
Other plant and equipment	239	236
Total depreciation	26,694	23,826
Amortisation		
Leasehold improvements	353	366
Intangible assets	20	17
Total amortisation	373	383
Total depreciation and amortisation	27,067	24,209

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

7 Grants and subsidies

	2016	2015
	\$'000	\$'000
Other	-	10
Total grants and subsidies	-	10

8 Other expenses

	Note	2016	2015
		\$'000	\$'000
Bad and doubtful debts	18	99	447
Bank fees and charges		19	28
Donated assets expense		1,362	560
Other		218	346
Total other expenses		1,698	1,381

9 Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	2016	2015
	\$'000	\$'000
Auditor fees - auditing financial statements	201	289
Total audit fees	201	289

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses – Other' (refer Note 8).

10 Revenue from fees and charges

	2016	2015
	\$'000	\$'000
Fines, fees and penalties	55	56
Insurance recoveries from health services	75	95
Patient and client fees	12,403	11,535
Private practice fees	3,347	3,027
Recoveries	5,186	8,510
Residential and other aged care charges	899	1,005
Sale of goods - medical supplies	-	30
Other user charges and fees	2,524	2,898
Total fees and charges	24,489	27,156

11 Grants and contributions

	2016	2015
	\$'000	\$'000
11.1 Commonwealth revenues/grants and contributions	\$'000	\$'000
Commonwealth grants and donations	151	49
Commonwealth aged care subsidies	1,768	2,114
Total Commonwealth grants and contributions	1,919	2,163
11.2 Grants and contributions from SA Government agencies	\$'000	\$'000
Other grants and contributions from SA Government agencies	78	75
Total grants and contributions from SA Government agencies	78	75
11.3 Private sector grants and contributions	\$'000	\$'000
Private sector grants and contributions	1,384	1,505
Total private sector grants and contributions	1,384	1,505
Total grants and contributions	3,381	3,743

Restrictions on contributions received

Of the \$3.381 million received in 2015-16 for grants and contributions (\$3.743 million 2014-15), \$3.381 million was provided for specific purposes, such as research and associated activities (\$1.708 million 2014-15).

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

12 Interest revenue

	2016	2015
	\$'000	\$'000
Interest from SAFA	-	84
Bank interest	2	88
Interest on Special Purpose Funds (SPF)	120	79
Total interest revenue	122	251

13 Resources received free of charge

	2016	2015
	\$'000	\$'000
Land and improvements	-	560
Plant and equipment	130	178
Total resources received free of charge	130	738

In 2015-16, the Hospital received 3 defibrillators, 1 cardiac output unit and 1 ultrasound machine all free of charge.

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

	2016	2015
	\$'000	\$'000
Land and buildings:		
Less net book value of assets disposed	(142)	(209)
Net gain/(loss) from disposal of land and buildings	(142)	(209)
Plant and equipment:		
Less net book value of assets disposed	(27)	(73)
Net gain/(loss) from disposal of plant and equipment	(27)	(73)
Total assets:		
Less total value of assets disposed	(169)	(282)
Total net gain/(loss) from disposal of non-current and other assets	(169)	(282)

15 Other revenue

	2016	2015
	\$'000	\$'000
Commissions revenue	2	-
Car park revenue	2,069	1,982
Rent Revenue	1,596	1,564
Other	252	505
Total other revenue	3,919	4,051

16 Revenue from SA Government

	2016	2015
	\$'000	\$'000
Recurrent funding	536,918	526,502
Capital funding	26,561	21,804
Total revenue from Department for Health and Ageing	563,479	548,306
Total revenue from SA Government	563,479	548,306

Total revenue from SA Government consist of \$536.918 million (\$526.502 million) for operational funding and \$26.561 million (\$21.804 million) for capital projects. For details on expenditure associated with the operational funding and capital funding received refer to the above expenditure notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

17 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	1,343	1,223
Deposits with Treasurer	17,976	21,049
Imprest account/cash on hand	11	11
Total cash	19,330	22,283

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is detailed in Note 28. The carrying amount of cash and cash equivalents represents fair value.

18 Receivables

	2016	2015
	\$'000	\$'000
Current		
Patient/client fees		
Compensable	459	573
Other	3,378	2,836
Workers compensation provision recoverable	2,423	1,286
Prepayments	335	155
Debtors	569	678
Receivables	7,164	5,528
Less: allowance for doubtful debts	(543)	(944)
Sundry receivables and accrued revenue	660	1,111
GST recoverable	384	375
Total current receivables	7,665	6,070
Non-current		
Workers compensation provision recoverable	1,794	2,087
Debtors	65	48
Total non-current receivables	1,859	2,135
Total receivables	9,524	8,205

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. The Hospital's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure information

Refer to Note 28.

Bad and doubtful debts

The Hospital has recognised a bad and doubtful debt expense of \$0.099 million (\$0.447 million) in the Statement of Comprehensive Income.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	944	828
Amounts written off	(693)	(298)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	292	414
Carrying amount at the end of the period	543	944

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Revision of accounting estimates

The provision for doubtful debts has previously been calculated using an assessment of collectability rates at a consolidated SA Health economic entity (group) level. In 2015-16 collectability rates specific to each public authority have been used, as it was decided such rates better reflect the credit risk applicable to each reporting entity comprising the group.

This has resulted in an increase of \$0.041 million in the amount of doubtful debts expense calculated on these receivables in the 2015-16 financial year relative to that which would have been expensed based on the previous estimation of doubtful debts expense.

It is impractical to estimate the effect on future years.

19 Inventories

	2016	2015
	\$'000	\$'000
Current - held for distribution		
Materials at cost:		
Inventory imprest stock	1,972	1,895
Total current inventories - held for distribution	1,972	1,895

20 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Site land at fair value	38,790	38,790
Land and buildings	38,790	38,790
Buildings and improvements at fair value	379,803	356,491
Site improvements at fair value	19,303	19,303
Buildings and improvements under construction (work in progress)	15,399	16,760
Buildings and improvements	414,505	392,554
Accumulated depreciation - buildings and improvements	25,717	2,967
Accumulated amortisation/depreciation	25,717	2,967
Total land, buildings and improvements	427,578	428,377
Leasehold improvements		
Leasehold improvements at fair value	8,577	8,392
Accumulated amortisation	1,682	1,329
Total leasehold improvements	6,895	7,063
Plant and equipment		
Computing equipment at cost (deemed fair value)	889	876
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	27,213	29,474
Other plant and equipment at cost (deemed fair value)	5,665	5,819
Plant and equipment under construction (work in progress)	248	466
Total plant and equipment	34,015	36,635
Accumulated depreciation - computing equipment	878	849
Accumulated depreciation - medical, surgical, dental and biomedical equipment	18,146	18,661
Accumulated depreciation - other plant and equipment	4,511	4,418
Accumulated amortisation/depreciation	23,535	23,928
Total plant and equipment	10,480	12,707
Total property, plant and equipment	444,953	448,147

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Australian Valuation Solutions Pty Ltd, as at 1st June 2015.

The valuer arrived at the fair value of unrestricted land 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.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III Asset Accounting Framework. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Hospital's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V., Australian Valuation Solutions Pty Ltd.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2016.

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	38,790	372,827	7,063	16,760	435,440
Additions	-	-	-	22,292	22,292
Disposals	-	(118)	-	(24)	(142)
Depreciation and amortisation	-	(22,764)	(353)	-	(23,117)
Transfers between asset classes	-	23,444	185	(23,629)	-
Carrying amount at the end of the period	38,790	373,389	6,895	15,399	434,473

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improve- ments	Leasehold improve- ments	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	31,730	370,019	181	26,834	428,764
Additions	-	509	-	26,400	26,909
Assets received free of charge	560	-	-	-	560
Disposals	-	-	(185)	(24)	(209)
Revaluation increment/(decrement)	3,950	(25,493)	-	-	(21,543)
Depreciation and amortisation	-	(20,193)	(366)	-	(20,559)
Transfers between asset classes	-	30,091	5,813	(36,450)	(546)
Prior period adjustments	2,550	17,894	1,620	-	22,064
Carrying amount at the end of the period	38,790	372,827	7,063	16,760	435,440

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Land includes land only holdings at fair value and site land at fair value

Buildings and improvements include buildings and improvements at fair value and site improvements at fair value.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	10,813	27	466	1,401	12,707
Additions	2,704	-	238	20	2,962
Assets received free of charge	130	-	-	-	130
Disposals	(1,361)	-	-	(28)	(1,389)
Depreciation and amortisation	(3,675)	(16)	-	(239)	(3,930)
Transfers between asset classes	456	-	(456)	-	-
Carrying amount at the end of the period	9,067	11	248	1,154	10,480

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	12,356	43	413	1,126	13,938
Additions	2,457	-	289	489	3,235
Assets received free of charge	-	-	178	-	178
Disposals	(69)	-	-	(4)	(73)
Revaluation increment/(decrement)	496	-	-	-	496
Depreciation and amortisation	(3,380)	(16)	-	(237)	(3,633)
Transfers between asset classes	1,036	-	(414)	(76)	546
Prior period adjustments	(2,083)	-	-	103	(1,980)
Carrying amount at the end of the period	10,813	27	466	1,401	12,707

21 Intangible assets

	2016 \$'000	2015 \$'000
Computer Software		
Other computer software	115	84
Accumulated amortisation (Other computer software)	(47)	(27)
Intangibles under construction (work in progress)	43	-
Total computer software	111	57
Total intangible assets	111	57

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress \$'000	Other computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	-	57	57
Additions	43	31	74
Amortisation	-	(20)	(20)
Carrying amount at the end of the period	43	68	111

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress \$'000	Other computer software \$'000	Total \$'000
Carrying amount at the beginning of the period		50	50
Additions		24	24
Amortisation		(17)	(17)
Carrying amount at the end of the period	-	57	57

22 Fair Value Measurement

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 2016

	Level 3 \$'000	Total \$'000
Recurring fair value measurements		
Land (Note 20)	38,790	38,790
Buildings (Note 20)	373,389	373,389
Leasehold improvements (Note 20)	6,895	6,895
Plant and equipment (Note 20)	10,232	10,232
Total recurring fair value measurements	429,306	429,306
Total	429,306	429,306

Fair value measurements at 30 June 2015

	Level 3 \$'000	Total \$'000
Recurring fair value measurements		
Land (Note 20)	38,790	38,790
Buildings (Note 20)	372,827	372,827
Leasehold improvements (Note 20)	7,063	7,063
Plant and equipment (Note 20)	12,241	12,241
Total recurring fair value measurements	430,921	430,921
Total	430,921	430,921

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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. To the extent that land, has had any restrictions on use and been adjusted with a discount factor, these assets are classified as level 3.

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.

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 were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings have been classified as Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Land	Buildings and site/ leasehold improve- ments	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	38,790	379,890	12,241	430,921
Additions	-	-	2,724	2,724
Assets received free of charge	-	-	130	130
Disposals	-	(118)	(1,389)	(1,507)
Acquisition / (disposal) through transfers	-	23,629	456	24,085
Gains/(losses) for the period recognised in net result:				
- Depreciation and amortisation	-	(23,117)	(3,930)	(27,047)
Total gains/(losses) recognised in net result	-	(23,117)	(3,930)	(27,047)
Carrying amount at the end of the period	38,790	380,284	10,232	429,306

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	31,730	370,200	13,525	415,455
Additions	-	509	2,946	3,455
Assets received free of charge	560	-	-	560
Disposals	-	(185)	(73)	(258)
Acquisition / (disposal) through transfers	-	35,904	960	36,864
Prior period adjustments	2,550	19,514	(1,980)	20,084
Gains/(losses) for the period recognised in net result:				
- Depreciation and amortisation	-	(20,559)	(3,633)	(24,192)
Total gains/(losses) recognised in net result	-	(20,559)	(3,633)	(24,192)
Gains/(losses) for the period recognised in Other				
- Revaluation increment/(decrement)	3,950	(25,493)	496	(21,047)
Total gains/(losses) recognised OCI	3,950	(25,493)	496	(21,047)
Carrying amount at the end of the period	38,790	379,890	12,241	430,921

Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

23 Payables

	2016 \$'000	2015 \$'000
Current		
Creditors and accrued expenses	10,779	11,405
Paid Parental Leave Scheme payable	29	61
Staff on-costs	4,849	4,515
Other payables	1	8
Total current payables	15,658	15,989
Non-current		
Staff on-costs	2,897	2,081
Total non-current payables	2,897	2,081
Total payables	18,555	18,070

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the proportion of long service leave taken as leave has remained the same as the 2015 rate of 51% but the average factor for the calculation of employer superannuation cost on-cost has increased from the 2015 rate (9.71%) to 9.74%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an decrease in the staff on-cost of \$0.775 million. The estimated impact on 2017 and 2018 is \$0.806 million and \$0.838 million respectively.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 28.

24 Staff benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	29,738	30,003
Long service leave	7,452	10,224
Accrued salaries and wages	10,878	11,932
Skills and experience retention leave	2,480	2,166
Other	2	1
Total current staff benefits	50,550	54,326
Non-current		
Long service leave	59,533	47,254
Total non-current staff benefits	59,533	47,254
Total staff benefits	110,083	101,580

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. 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 discount rate that was based upon the yield on long term Commonwealth Government bonds, has decreased from 2015 (2.95%) to 2016 (1.97%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the change in the current financial year is an increase in the reported long service leave liability of \$5.497 million and staff benefits expense of \$5.770 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Mercer Consulting (Australia) Pty Ltd changed the long term salary inflation rate from 3.0% for long service leave liability to 4.0%. The net financial effect of the change in salary inflation in the current financial year is an increase in the long service leave liability of \$5.301 million and staff benefit expense of \$5.560 million. The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3% for annual leave and skills, experience and retention leave liability.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

25 Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for workers compensation	4,653	3,935
Total current provisions	4,653	3,935
Non-current		
Provision for workers compensation	7,030	7,722
Total non-current provisions	7,030	7,722
Total provisions	11,683	11,657

25.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	11,657	12,745
Additional provisions recognised	1,743	906
Reductions arising from payments/other sacrifices of future economic benefits	(1,717)	(1,994)
Carrying amount at the end of the period	11,683	11,657

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

26 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unclaimed monies	51	57
Unearned revenue	34	14
Other	45	181
Total current other liabilities	130	252
Total other liabilities	130	252

27 Equity

	2016	2015
	\$'000	\$'000
Asset revaluation surplus	5,796	5,606
Retained earnings	329,643	343,422
Total equity	335,439	349,028

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.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28 Financial instruments / financial risk management

28.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and 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 is exposed to financial risk – liquidity risk, credit risk and market risk. 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 Note 2.

Refer to Table 28.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 18 and 23).

28.3 Liquidity risk

Liquidity risk arises from the possibility that the Hospital is unable to meet its financial obligations as they fall due. The continued existence of the Hospital is dependent on State Government policy and on continued funding from the Department for the Hospital's administration and program delivery. The Hospital settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Hospital's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 28.3 represent the Hospital's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by the Hospital including the contractual maturity analysis for financial assets and liabilities (ie liquidity risk).

Table 28.3 Categorisation and maturity analysis of financial assets and liabilities

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	17, 32	19,330	19,330	-	-	-
Loans and receivables						
Receivables (1) (2)	18	4,493	4,493	-	-	-
Total financial assets		23,823	23,823	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	10,535	10,535	-	-	-
Other liabilities	26	96	96	-	-	-
Total financial liabilities		10,631	10,631	-	-	-

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2015	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	17, 32	22,283	22,283	-	-	-
Loans and receivables						
Receivables (1) (2)	18	4,193	4,193	-	-	-
Total financial assets		26,476	26,476	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	11,123	11,123	-	-	-
Other liabilities	26	238	238	-	-	-
Total financial liabilities		11,361	11,361	-	-	-

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

28.4 Credit risk

Credit risk arises when there is the possibility of the Hospital's debtors defaulting on their contractual obligations resulting in financial loss to the Hospital. The Hospital measures credit risk on a fair value basis and monitors risk on a regular basis.

The Hospital has minimal concentration of credit risk. The Hospital does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 18 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 28.3 represents the Hospital's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 28.4 Ageing analysis of financial assets

2016	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue > 60 days \$'000	
Cash and cash equivalents	19,330	19,330	-	-	-	-
Receivables (1)	4,493	2,146	788	493	1,066	(542)
	23,823	21,476	788	493	1,066	(542)
2015						
Cash and cash equivalents	22,283	22,283	-	-	-	-
Receivables	4,193	2,297	662	333	901	(944)
	26,476	24,580	662	333	901	(944)

- (1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28.5 Market risk

The Hospital has limited exposure to interest rate risk.

28.6 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Hospital as it has been determined that the possible impact on comprehensive income or total equity from fluctuations in interest rates is immaterial.

29 Unrecognised contractual commitments

29.1 Operating lease expenditure commitments

	2016	2015
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	2,155	2,064
Later than one year but not longer than five years	8,627	8,757
Later than five years	8,005	10,030
Total operating lease commitments	18,787	20,851
Representing:		
Non-cancellable operating leases	18,787	20,851
Total operating lease commitments	18,787	20,851

The Hospital's leases are for office accommodation. Office accommodation is leased from Kirag Pty Ltd, CAN 151240845 Pty Ltd, AET Management Pty Ltd, 116 Reservoir Road Pty Ltd and Oxtron Pty Ltd. The leases are non-cancellable with the right of renewal.

29.2 Expenditure commitments

Expenditure commitments	2016	2015
	\$'000	\$'000
Other expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	22,748	14,832
Later than one year but not longer than five years	1,205	745
Total other commitments	23,953	15,577

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received. Included is the provision of housekeeping services by ISS Health Services Pty Ltd (\$10.042 million) and Spotless Services Australia (\$7.572 million).

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

30 Transferred functions

Transferred in

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks (LHNs) and SA Ambulance Service Inc.(SAAS).

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Assets and liabilities transferred to the Hospital were:

	2016	2015
	\$'000	\$'000
Payables	50	25
Staff benefits	701	458
Total liabilities	751	483
Total net assets transferred	(751)	(483)

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.

Transferred out

2015-16

- There were no transfers in during this period.

2014-15

- During 2014-15, the imprest inventory in the Hospital's warehouse was transferred to a the South Australian Distribution Centre in accordance with the Inventory Transfer Policy Directive as endorsed by the Chief Procurement Officer on 29 August 2014 and with the implementation of the One Procurement Solution. The transfer was effected September 2014 with amount being \$0.213 million.

Assets and liabilities transferred from the Hospital were:

	2016	2015
	\$'000	\$'000
Other assets	-	213
Total assets	-	213
Total net assets transferred	-	213

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

31 Contingent assets and liabilities

The Hospital is not aware of any contingent assets or liabilities.

Guarantees

The Hospital has made no guarantees.

32 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	19,330	22,283
Cash as per Statement of Financial Position	19,330	22,283
Balance as per the Statement of Cash Flows	19,330	22,283
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	3,983	11,225
Department for Health and Ageing contributions for the provision of health services	(563,479)	(548,306)
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(27,067)	(22,957)
Gain/loss on sale or disposal of non-current assets	(169)	(282)
Assets donated free of charge to Statewide	(1,362)	-
Assets acquired at no cost or nominal consideration	130	738
Capital revenues	18,356	25,509
	(10,112)	3,008
Movement in assets and liabilities		
Increase (decrease) in receivables	1,319	(205)
Increase (decrease) in inventories	77	1,570
(Increase) decrease in staff benefits	(7,802)	(7,098)
(Increase) decrease in payables and provisions	(425)	(2,506)
(Increase) decrease in other liabilities	122	(94)
Net cost of providing services	(576,317)	(542,406)

33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4 Staff benefit expenses	1,698	1,600	410,530	379,152	412,228	380,752
Salaries and wages	-	-	325,349	305,517	325,349	305,517
TVSP (refer below)	-	-	575	172	575	172
Long service leave (LSL)	-	-	15,303	8,564	15,303	8,564
Annual leave	-	-	31,283	28,760	31,283	28,760
Skills and experience retention leave (SERL)	-	-	1,229	1,027	1,229	1,027
Staff on-costs - superannuation	-	-	32,946	31,627	32,946	31,627
Workers compensation	-	-	3,651	3,478	3,651	3,478
Board and committee fees	-	-	77	75	77	75
Other staff related expenses	1,698	1,600	117	(68)	1,815	1,532

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	EXPENSES	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
5	Supplies and services	56,182	59,939	111,014	111,772	167,196	171,711
	Administration	99	220	475	800	574	1,020
	Advertising	46	96	31	35	77	131
	Communication	110	57	508	424	618	481
	Computing	4,289	4,245	234	163	4,523	4,408
	Contractors	31	46	275	300	306	346
	Contractors - agency staff	6,911	8,700	10,035	10,522	16,946	19,222
	Consultants	-	-	72	176	72	176
	Contract of services	-	-	117	113	117	113
	Drug supplies	483	394	6,570	6,383	7,053	6,777
	Electricity, gas and fuel	-	38	4,511	4,954	4,511	4,992
	Fee for service	444	631	5,781	5,362	6,225	5,993
	Food supplies	647	67	3,268	3,811	3,915	3,878
	Housekeeping	506	438	21,933	21,676	22,439	22,114
	Insurance	4,979	4,874	384	362	5,363	5,236
	Internal SA Health SLA payments	2,270	4,287	-	-	2,270	4,287
	Interstate patient transfers	-	-	12	-	12	-
	Legal	86	124	8	1	94	125
	Medical, surgical and laboratory	18,349	17,648	28,589	29,147	46,938	46,795
	Minor equipment	107	311	1,053	805	1,160	1,116
	Motor vehicle expenses	184	1,001	44	19	228	1,020
	Occupancy rent and rates	977	823	4,977	5,309	5,954	6,132
	Patient transport	4,460	3,710	651	812	5,111	4,522
	Payments to Shared Services SA	2,377	2,363	-	-	2,377	2,363
	Periodical, journals and publications	3	2	35	37	38	39
	Postage	31	36	702	584	733	620
	Printing and stationery	600	571	1,727	1,150	2,327	1,721
	Rental expense on operating lease	980	333	-	31	980	364
	Repairs and maintenance	6,824	7,671	859	1,549	7,683	9,220
	Security	49	117	6,440	6,064	6,489	6,181
	Staff training and development	25	63	5,566	4,974	5,591	5,037
	Staff travel expenses	-	6	280	226	280	232
	Waste removal	5	11	450	383	455	394
	Other supplies and services	310	1,056	5,427	5,600	5,737	6,656
6	Depreciation and amortisation expense	-	-	27,067	24,209	27,067	24,209
	Buildings and improvements	-	-	19,421	19,725	19,421	19,725
	Site improvements	-	-	3,343	469	3,343	469
	Computing equipment	-	-	16	16	16	16
	Medical, surgical, dental and biomedical equipment	-	-	3,675	3,380	3,675	3,380
	Other plant and equipment	-	-	239	236	239	236
	Leasehold improvements	-	-	353	366	353	366
	Intangible assets	-	-	20	17	20	17
7	Grants and subsidies	-	-	-	10	-	10
	Other	-	-	-	10	-	10
14	Net gain/(loss) from disposal of non-cur	-	-	169	282	169	282
	Less total value of assets disposed	-	-	169	282	169	282
8	Other expenses	1,445	628	52	464	1,497	1,092
	Bad and doubtful debts	-	-	99	447	99	447
	Donated assets expense	1,362	560	-	-	1,362	560
	Bank fees and charges	-	-	19	28	19	28
	Other (excluding audit fees)	83	68	(66)	(11)	17	57
9	Auditor's remuneration	201	289	-	-	201	289
	Auditor fees - auditing financial statements	201	289	-	-	201	289
	TOTAL EXPENSES	59,526	62,456	548,832	515,889	608,358	578,345

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
INCOME						
10 Revenue from fees and charges	4,677	7,632	19,812	19,524	24,489	27,156
Fines, fees and penalties	-	-	55	56	55	56
Insurance recoveries from health services	75	95	-	-	75	95
Patient and client fees	-	-	12,403	11,535	12,403	11,535
Private practice fees	-	-	3,347	3,027	3,347	3,027
Recoveries	4,485	7,323	701	1,187	5,186	8,510
Residential and other aged care charges	-	-	899	1,005	899	1,005
Sale of goods - medical supplies	-	13	-	17	-	30
Other user charges and fees	117	201	2,407	2,697	2,524	2,898
11 Grants and contributions	78	75	3,303	3,668	3,381	3,743
Commonwealth grants and donations	-	-	151	49	151	49
Commonwealth aged care subsidies	-	-	1,768	2,114	1,768	2,114
Other grants and contributions from SA Government agencies	78	75	-	-	78	75
Private sector grants and contributions	-	-	1,384	1,505	1,384	1,505
12 Interest revenue	120	163	2	88	122	251
Interest from SAFA	-	84	-	-	-	84
Bank interest	-	-	2	88	2	88
Interest on Special Purpose Funds (SPF)	120	79	-	-	120	79
13 Resources received free of charge	-	560	130	178	130	738
Land and improvements	-	560	-	-	-	560
Plant and equipment	-	-	130	178	130	178
15 Other revenue	13	22	3,906	4,029	3,919	4,051
Commissions revenue	-	-	2	-	2	-
Rent Revenue	-	-	1,596	1,564	1,596	1,564
Car park revenue	-	1	2,069	1,981	2,069	1,982
Other	13	21	239	484	252	505
16 Revenue from SA Government	563,479	548,306	-	-	563,479	548,306
Recurrent funding	536,918	526,502	-	-	536,918	526,502
Capital funding	26,561	21,804	-	-	26,561	21,804
TOTAL INCOME	568,367	556,758	27,153	27,487	595,520	584,245
FINANCIAL ASSETS						
17 Cash and cash equivalents	17,976	21,049	1,354	1,234	19,330	22,283
Cash at bank or on hand - non-government financial institutions	-	-	1,343	1,223	1,343	1,223
Deposits with Treasurer	17,976	21,049	-	-	17,976	21,049
Imprest account/cash on hand	-	-	11	11	11	11
18 Receivables	4,253	3,585	5,271	4,620	9,524	8,205
Patient/client fees	-	-	-	-	-	-
Compensable	-	-	459	573	459	573
Other	-	-	3,378	2,836	3,378	2,836
Workers compensation provision recoverable	4,217	3,373	-	-	4,217	3,373
Prepayments	-	-	335	155	335	155
Debtors	36	212	598	514	634	726
Less: allowance for doubtful debts	-	-	(543)	(944)	(543)	(944)
Sundry receivables and accrued revenue	-	-	660	1,111	660	1,111
GST recoverable	-	-	384	375	384	375
TOTAL FINANCIAL ASSETS	22,229	24,634	6,625	5,854	28,854	30,488

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES						
23 Payables	1,729	1,784	16,826	16,286	18,555	18,070
Creditors and accrued expenses	1,729	1,784	9,050	9,621	10,779	11,405
Paid Parental Leave Scheme payable	-	-	29	61	29	61
Staff on-costs	-	-	7,746	6,596	7,746	6,596
Other payables	-	-	1	8	1	8
26 Other liabilities	-	(2)	130	254	130	252
Unclaimed monies	-	-	51	57	51	57
Unearned revenue	-	-	34	14	34	14
Other	-	(2)	45	183	45	181
TOTAL FINANCIAL LIABILITIES	1,729	1,782	16,956	16,540	18,685	18,322

34 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Northern Adelaide Local Health Network Consumer Advisory Council

Davidson F	Mickan K	Putsey P
Davies I	Mossop J	Richards S *
Green L	Muller D *	Thompson M
Hicks R	Owen V *	Turner M
Isemonger J	Patching A	Whately G
Lowden H	Pearks N *	White A (Chair)

Northern Adelaide Local Health Network Governing Council

Hains S (Chair)	Smith J
Durrant M	Vlachoulis N
Isemonger J	Wilson B
Lampard F	Hanson J *
Jenkins S *	Dolejs W *

Northern Adelaide Local Health Network Outpatient Department Steering Committee

Beare C *	Maddison J Dr *	Puvogel K *
Goodson S Dr	McKenna C *	Richards S *
Heffernan D *	McMullen S *	Saunders H *
Hobbs M *	Mullen P *	Thomas R Dr *
Jaavuo S *	Nowland L *	Thorburn C * (Acting)
Jasoria V Dr	Owen V * (Chair)	Thornton K * (Acting)
Klassmann L *	Parr S *	Towers K *
MacIsaac P Dr * (Acting)	Pretorius E Dr * (Acting)	

Northern Adelaide Local Health Network Risk Management & Audit Committee

Hains S (Chair)
McGowan C
Penn G *
Smith J

The number of members whose remuneration received or receivable falls within the following bands:	2016	2015
	No. of Members	No. of Members
\$0	34	23
\$1 - \$9,999	14	21
\$10,000 - \$19,999	3	1
Total	51	45

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.081 million (\$0.081 million).

* In accordance with the *Department of the Premier and Cabinet Circular No. 016*, government employees did not receive any remuneration for board/committee duties during the financial year.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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.

35 Events after the reporting period

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

36 Segment information

The Hospital is required by Commonwealth funding requirements to disclose segment information for Residential Aged Care services.

Residential Aged Care Services funded by the Commonwealth are provided through Makk & McLeay Nursing Home, which is part of the Hospital and not separately incorporated.

Segment disclosures required by AASB 8 *Operating Segments* are as follows:

Segment revenues and expenses

	Residential Aged Care Services	Other operations	Consol- idated
2016	2016	2016	2016
	\$'000	\$'000	\$'000
Segment expenses			
Staff benefits	4,840	407,388	412,228
Depreciation and amortisation	256	26,811	27,067
Other	2,432	166,631	169,063
Total segment expenses	7,528	600,830	608,358
Segment revenues			
Resident charges	557	23,932	24,489
Government grants and subsidies	1,776	1,605	3,381
Other	4,317	563,333	567,650
Total segment revenue	6,650	588,870	595,520
Segment result	(878)	(11,960)	(12,838)

	Residential Aged Care Services	Other operations	Consol- idated
2015	2015	2015	2015
	\$'000	\$'000	\$'000
Segment expenses			
Staff benefits	4,352	376,400	380,752
Depreciation and amortisation	403	23,806	24,209
Other	1,888	171,496	173,384
Total segment expenses	6,643	571,702	578,345
Segment revenues			
Resident charges	657	26,499	27,156
Government grants and subsidies	2,033	1,710	3,743
Other	3,826	549,520	553,346
Total segment revenue	6,516	577,729	584,245
Segment result	(127)	6,027	5,900

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment assets, liabilities and equity

	Residential Aged Care Services	Other operations	Consol- idated
2016	2016	2016	2016
	\$'000	\$'000	\$'000
Segment current assets			
Cash and cash equivalents	7	19,323	19,330
Receivables	115	7,550	7,665
Inventories	-	1,972	1,972
Total segment current assets	122	28,845	28,967
Segment non-current assets			
Receivables	31	1,828	1,859
Property, plant and equipment	3,353	441,600	444,953
Other	-	111	111
Total segment non-current assets	3,384	443,539	446,923
Total segment assets	3,506	472,384	475,890
Segment current liabilities			
Payables	151	15,507	15,658
Staff benefits	742	49,808	50,550
Other	73	4,710	4,783
Total segment current liabilities	966	70,025	70,991
Segment non-current liabilities			
Payables	35	2,862	2,897
Staff benefits	664	58,869	59,533
Other	119	6,911	7,030
Total segment non-current liabilities	818	68,642	69,460
Total segment liabilities	1,784	138,667	140,451
Net segment assets	1,722	333,717	335,439
Segment equity			
Retained earnings	1,722	327,921	329,643
Asset revaluation surplus	-	5,796	5,796
Total segment equity	1,722	333,717	335,439
Changes in equity			
Balance at the beginning of the reporting period	1,309	347,719	349,028
Net transfers in/out from administrative restructures	-	(751)	(751)
Change in accounting policy and/or correction of error	1,291	(1,291)	-
Net income/expenses recognised directly in equity	1,291	(2,042)	(751)
Net operating result / deficit	(878)	(11,960)	(12,838)
Total recognised income and expenses for the period	413	(14,002)	(13,589)
Balance at the end of the reporting period	1,722	333,717	335,439

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Residential Aged Care Services	Other operations	Consol- idated
2015	2015	2015	2015
	\$'000	\$'000	\$'000
Segment current assets			
Cash and cash equivalents	5	22,278	22,283
Receivables	20	6,050	6,070
Inventories	-	1,895	1,895
Total segment current assets	25	30,223	30,248
Segment non-current assets			
Receivables	30	2,105	2,135
Property, plant and equipment	3,215	444,932	448,147
Other	-	57	57
Total segment non-current assets	3,245	447,094	450,339
Total segment assets	3,270	477,317	480,587
Segment current liabilities			
Payables	100	15,889	15,989
Staff benefits	857	53,469	54,326
Other	64	4,123	4,187
Total segment current liabilities	1,021	73,481	74,502
Segment non-current liabilities			
Payables	41	2,040	2,081
Staff benefits	785	46,469	47,254
Other	114	7,608	7,722
Total segment non-current liabilities	940	56,117	57,057
Total segment liabilities	1,961	129,598	131,559
Net segment assets	1,309	347,719	349,028
Segment equity			
Retained earnings	1,309	342,113	343,422
Asset revaluation surplus	-	5,606	5,606
Total segment equity	1,309	347,719	349,028
Changes in equity			
Balance at the beginning of the reporting period	1,436	363,345	364,781
Gain on revaluation of property, plant and equipment	-	(21,047)	(21,047)
Net transfers in/out from administrative restructures	-	(696)	(696)
Change in accounting policy and/or correction of error	-	-	90
Net income/expenses recognised directly in equity	-	(21,743)	(21,653)
Net operating result / deficit	(127)	6,027	5,900
Total recognised income and expenses for the period	(127)	(15,716)	(15,753)
Balance at the end of the reporting period	1,309	347,629	349,028

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Segment Cash Flows

	Residential Aged Care Services	Other operations	Consol- idated
	2016 \$'000	2016 \$'000	2016 \$'000
2016			
<u>Segment cash flows from operating activities</u>			
Segment cash inflows			
Resident charges	485	24,187	24,672
Government grants and subsidies	1,776	1,630	3,406
Other	5,291	555,592	560,883
Total segment cash inflows	7,552	581,409	588,961
Segment cash outflows			
Staff benefits	(5,181)	(398,155)	(403,336)
Other	(2,369)	(179,273)	(181,642)
Total segment cash outflows	(7,550)	(577,428)	(584,978)
Net segment cash inflows/cash outflows from operating activities	2	3,981	3,983
<u>Segment cash flows from investing activities</u>			
Segment cash outflows			
Payments for property plant and equipment	-	(6,936)	(6,936)
Total segment cash outflows	-	(6,936)	(6,936)
Net segment cash inflows/cash outflows from investing activities	-	(6,936)	(6,936)
Net increase / (decrease) in cash held	2	(2,955)	(2,953)
Cash at the beginning of the reporting period	5	22,278	22,283
Cash at the end of the reporting period	7	19,323	19,330

	Residential Aged Care Services	Other operations	Consol- idated
	2015 \$'000	2015 \$'000	2015 \$'000
2015			
<u>Segment cash flows from operating activities</u>			
Segment cash inflows			
Resident charges	657	27,263	27,920
Government grants and subsidies	2,033	1,740	3,773
Other	4,086	534,229	538,315
Total segment cash inflows	6,776	563,232	570,008
Segment cash outflows			
Staff benefits	(4,465)	(368,857)	(373,322)
Other	(2,162)	(183,299)	(185,461)
Total segment cash outflows	(6,627)	(552,156)	(558,783)
Net segment cash inflows/cash outflows from operating activities	149	11,076	11,225
<u>Segment cash flows from investing activities</u>			
Segment cash outflows			
Payments for property plant and equipment	(152)	(3,317)	(3,469)
Total segment cash outflows	(152)	(3,317)	(3,469)
Net segment cash inflows/cash outflows from investing activities	(152)	(3,317)	(3,469)
Net increase / (decrease) in cash held	(3)	7,759	7,756
Cash at the beginning of the reporting period	8	14,519	14,527
Cash at the end of the reporting period	5	22,278	22,283

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework 11 *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Hospital's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

The *Nurses Education Fund* was established to provide funds to contributing nurses of the Lyell McEwin Health Services to attend professional education activities relevant to nursing practice and areas of nursing expertise.

The *Medical Staff Society Trust Fund* was set up by medical staff and accumulated through staff contributions for retiring medical staff.

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.

**Schedule of administered expenses and Income
for the year ended 30 June 2016**

	Private Practice Funds	Nurses Education Fund & Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Administered expenses			
Supplies and services	-	36	36
Other expenses	6,063	-	6,063
Total administered expenses	6,063	36	6,099
Administered income			
Revenues from fees and charges	5,626	-	5,626
Other revenues	-	48	48
Total administered income	5,626	48	5,674
Net result	(437)	12	(425)

	Private Practice Funds	Nurses Education Fund & Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Administered expenses			
Supplies and services	1	43	44
Other expenses	10,004	-	10,004
Total administered expenses	10,005	43	10,048
Administered income			
Revenues from fees and charges	10,000	-	10,000
Other revenues	-	45	45
Total administered income	10,000	45	10,045
Net result	(5)	2	(3)

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Schedule of administered assets and liabilities
as at 30 June 2016

	Private Practice Funds	Nurses Education Fund & Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Administered current assets			
Cash and cash equivalents	331	151	482
Receivables	469	-	469
Total administered current assets	800	151	951
Total administered assets	800	151	951

	Private Practice Funds	Nurses Education Fund & Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Administered current assets			
Cash and cash equivalents	690	139	829
Receivables	591	-	591
Total administered current assets	1,281	139	1,420
Total administered assets	1,281	139	1,420
Administered current liabilities			
Payables	44	-	44
Total administered current liabilities	44	-	44
Total administered liabilities	44	-	44
Net administered assets	1,237	139	1,376

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

**Schedule of administered changes in equity
for the year ended 30 June 2016**

	Private Practice Funds	Nurses Education Fund & Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Balance at the beginning of the reporting period	1,237	139	1,376
Net result	(437)	12	(425)
Balance at the end of the reporting period	800	151	951

	Private Practice Funds	Nurses Education Fund & Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Balance at the beginning of the reporting period	1,242	137	1,379
Net result	(5)	2	(3)
Balance at the end of the reporting period	1,237	139	1,376

**Schedule of Administered Cash Flows
for the year ended 30 June 2016**

	Private Practice Funds	Nurses Education Fund & Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges	5,748	-	5,748
Other revenue	-	48	48
Total cash inflows	5,748	48	5,796
Cash outflows			
Supplies and services	44	36	80
Other payments	6,063	-	6,063
Total cash outflows	6,107	36	6,143
Net cash inflows/cash outflows from operating activities	(359)	12	(347)
Net increase / (decrease) in cash held	(359)	12	(347)
Cash at the beginning of the reporting period	690	139	829
Cash at the end of the reporting period	331	151	482

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	Private Practice Funds	Nurses Education Fund & Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000
<u>Cash flows from operating activities</u>			
Cash inflows			
Fees and charges	9,895	-	9,895
Other revenue	-	45	45
Total cash inflows	9,895	45	9,940
Cash outflows			
Supplies and services	1	43	44
Other payments	9,963	-	9,963
Total cash outflows	9,964	43	10,007
Net cash inflows/cash outflows from operating activities	(69)	2	(67)
Net increase / (decrease) in cash held	(69)	2	(67)
Cash at the beginning of the reporting period	759	137	896
Cash at the end of the reporting period	690	139	829

Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of government in accordance with government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

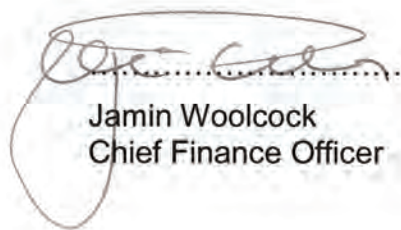
The Hospital has no administered contingent assets and liabilities.

Certification of the financial statements

We certify that the:

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


.....
Jackie Hanson
Chief Executive Officer


.....
Jamin Woolcock
Chief Finance Officer

Date 15-9-2016
.....



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

**To the Chief Executive Officer
Northern Adelaide Local Health Network Incorporated**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36 of the *Health Care Act 2008*, I have audited the accompanying financial report of the Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

The Chief Executive Officer's responsibility 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 the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

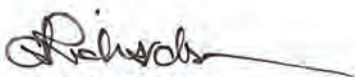
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Health's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Northern Adelaide Local Health Network Incorporated as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016

SA Ambulance Service Inc

Financial report
for the year ended
30 June 2016

SA AMBULANCE SERVICE INC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Staff benefit expenses	4	173,420	158,311
Supplies and services	5	64,422	63,055
Depreciation and amortisation expense	6	10,503	9,195
Bad and Doubtful Debts	7	16,295	14,161
Other expenses	7	1,450	1,693
Total expenses		266,090	246,415
Income			
Revenue from fees and charges	9	125,189	114,228
Grants and contributions	10	1,000	-
Interest revenue	11	56	210
Resources received free of charge	12	4,271	91
Net gain/(loss) from disposal of non-current and other assets	13	378	177
Other revenue	14	2,659	2,211
Total income		133,553	116,917
Net cost of providing services		132,537	129,498
Revenue from SA Government			
Revenue from SA Government	15	127,992	127,202
Total revenue from SA Government		127,992	127,202
Net result		(4,545)	(2,296)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		-	2,857
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity	24	(28,689)	(3,729)
Total other comprehensive income		(28,689)	(872)
Total comprehensive result		(33,234)	(3,168)

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

SA AMBULANCE SERVICE INC
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Current assets			
Cash and cash equivalents	16	19,631	19,625
Receivables	17	20,838	16,172
Inventories	18	272	245
Other assets	19	4	46
Total current assets		40,745	36,088
Non-current assets			
Receivables	17	1,577	1,408
Property, plant and equipment	20	82,642	75,372
Intangible assets	21	1,845	2,935
Total non-current assets		86,064	79,715
Total assets		126,809	115,803
Current liabilities			
Payables	23	6,002	7,078
Staff benefits	24	38,654	34,162
Provisions	25	3,439	2,567
Other liabilities	26	699	927
Total current liabilities		48,794	44,734
Non-current liabilities			
Payables	23	2,360	2,035
Staff benefits	24	81,533	41,029
Provisions	25	4,669	4,844
Total non-current liabilities		88,562	47,908
Total liabilities		137,356	92,642
Net assets		(10,547)	23,161
Equity			
Asset revaluation surplus	27	12,058	12,058
Other reserves	27	8,305	36,994
Retained earnings	27	(30,910)	(25,891)
Total equity		(10,547)	23,161
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	29		
Contingent assets and liabilities	31		

The above statement should be read in conjunction with the accompanying notes.

SA AMBULANCE SERVICE INC
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

	Note	Contributed capital \$ '000	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014		6,298	12,950	40,833	(33,590)	26,491
Prior Period Adjustment		(6,298)	(3,749)	-	10,047	-
Restated balance at 30 June 2014		-	9,201	40,833	(23,543)	26,491
Net result for 2014-15		-	-	-	(2,296)	(2,296)
Gain/(loss) on revaluation of property during 2014-15	20	-	2,767	-	-	2,767
Gain/(loss) on revaluation of plant and equipment during 2014-15	20	-	90	-	-	90
Loss on revaluation of Defined Benefit Fund Liability		-	-	(3,729)	-	(3,729)
Total comprehensive result for 2014-15		-	2,857	(3,729)	(2,296)	(3,168)
Transfer between equity components		-	-	(110)	110	-
Transactions with SA Government as owner						
Net assets received from an administrative restructure	30	-	-	-	(162)	(162)
Balance at 30 June 2015	27	-	12,058	36,994	(25,891)	23,161
Error correction		-	-	-	-	-
Restated balance at 30 June 2015	27	-	12,058	36,994	(25,891)	23,161
Net result for 2015-16		-	-	-	(4,545)	(4,545)
Loss on revaluation of Defined Benefit Fund Liability		-	-	(28,689)	-	(28,689)
Total comprehensive result for 2015-16		-	-	(28,689)	(4,545)	(33,234)
Transactions with SA Government as owner						
Net assets received from an administrative restructure	30	-	-	-	(474)	(474)
Balance at 30 June 2016	27	-	12,058	8,305	(30,910)	(10,547)

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

SA AMBULANCE SERVICE INC
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Cash flows from operating activities			
Cash outflows			
Staff benefit expenses		(156,439)	(151,301)
Payments for supplies and services		(68,788)	(70,893)
Payments for paid parental leave scheme		(408)	(368)
Other payments		(17,809)	(15,926)
Cash used in operations		(243,444)	(238,488)
Cash inflows			
Fees and charges		122,035	116,726
Grants and contributions		1,000	-
Interest received		56	218
GST recovered		2,462	2,299
Receipts for paid parental leave scheme		425	359
Other receipts		2,510	2,854
Cash generated from operations		128,488	122,456
Cash flows from SA Government			
Receipts from SA Government		126,996	127,818
Cash generated from SA Government		126,996	127,818
Net cash provided by / (used in) operating activities		12,040	11,786
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(12,417)	(7,161)
Cash used in investing activities		(12,417)	(7,161)
Cash inflows			
Proceeds from sale of property, plant and equipment		383	540
Cash generated from investing activities		383	540
Net cash provided by/(used in) investing activities		(12,034)	(6,621)
Net increase/(decrease) in cash and cash equivalents		6	5,165
Cash and cash equivalents at the beginning of the period		19,625	14,460
Cash and cash equivalents at the end of the period	32	19,631	19,625
Non-cash transactions	32	(5,854)	(8,662)

The above statement should be read in conjunction with the accompanying notes.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1 Objectives of SA Ambulance Service Inc

The SA Ambulance Service Inc (SAAS) is an incorporated association under the *Health Care Act 2008* (the Act).

Health Services incorporated under the Act are funded from various sources. In addition to fees charged for services provided other funding can be obtained from the Department for Health and Ageing (the Department), the Commonwealth Government, public donations, private practice funds, foundations and other sources.

The Act was proclaimed on 1 July 2008 and repealed the *Ambulance Services Act 1992*. Under the provisions of the Act, SAAS ceased to be an association under the *Associations Incorporation Act 1985* but continues in existence as the same body corporate but now constituted under the Act. As a result of these legislative changes, administration of the body corporate changed from the previous Ambulance Board to the Chief Executive Officer of the Department for Health and Ageing who in turn has delegated day to day operational responsibilities to the Chief Executive Officer of SAAS.

The Act also provides for the establishment of local Health Advisory Councils (HACs). The SA Ambulance Service Volunteer Health Advisory Council (SAASVHAC) was established on 1 July 2008 as an unincorporated body. The role of the council is to provide advice and advocacy on SAAS volunteer matters to the Minister for Health and Ageing and the Chief Executive Officer and management of SAAS.

Users of these financial statements should note that the South Australian Government funds a significant part but not the entire operations of SAAS.

SAAS is the principal provider of emergency ambulance services in South Australia. This includes:

- out-of-hospital emergency care and transport;
- a non-emergency ambulance transport service;
- emergency and major events management; and
- medical retrieval services.

To complement the provision of ambulance services, SAAS also:

- collaborates with Flinders University to deliver the Bachelor of Paramedic Sciences and the Master of Paramedic Sciences;
- administers the contract for inter-hospital patient transfer by the Royal Flying Doctor Service;
- promotes and administers the Ambulance Cover subscription scheme; and
- promotes and manages Call Direct - a 24-hour personal monitoring emergency service.

SAAS's objectives are to provide a high quality pre-hospital care and patient transport.

1.1 Administrative restructures

2015-16

Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the SA Ambulance Service Inc (SAAS).

2014-15

Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to SAAS.

Details of the assets, rights and liabilities that transferred are provided in Note 30.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

SAAS has applied Australian Accounting Standards that are applicable to not-for-profit entities, as SAAS is a not-for-profit entity.

Except for AASB 2015-7 Amendments to *Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* which SAAS has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAAS for the period ending 30 June 2016. Refer to Note 3.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying SAAS's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

SAAS's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.3 Reporting entity

SAAS was incorporated under the *Associations Incorporation Act 1985* on 1 July 1993 under the name SA St John Ambulance Service Incorporated. The service continued in existence with the name SA Ambulance Service Incorporated under the *Ambulance Services Act 1992* until it was repealed on 10 April 2008. From this date the service has continued under the *Health Care Act 2008*.

SAAS's financial statements includes the operations of the SA Ambulance Development Fund. This fund is a Charitable Trust administered by SAAS pursuant to a Declaration of Trust. The fund receives donations, gifts and bequests from the public which are applied by the Trustee to improve the services offered by SAAS. The funds cannot be used for the day to day operating expenses of SAAS.

SAAS does not control any other entity and has no interests in unconsolidated structured entities. In forming this view, SAAS considered its involvement with a number of different entities and determined that it does not control any of them.

In making this assessment, SAAS considered its power over the entities, its exposure or rights (eg protective and substantive rights) to variable returns from its involvement with the entities and the ability to use its power to affect return amounts (eg ability to direct relevant major activities).

SAAS has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

SAAS is not subject to income tax. SAAS 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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Effective 1 January 2014, the Department, incorporated Hospitals and SAAS were grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated Hospitals and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.7 Expenses

Expenses are recognised in SAAS's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from SAAS will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate

Contributions paid

Contributions payable will be recognised as a liability and expense when SAAS has a present obligation to pay the contribution and the expense recognition criteria are met.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Staff benefits expenses

Staff benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by SAAS to the superannuation plan in respect of current services of current SAAS staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements. Please refer to Note 2.23 for details regarding the SAAS Defined Benefit Superannuation Scheme.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.8 Income

Income is recognised in SAAS's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to SAAS will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Ambulance transport revenue

Ambulance transport revenue comprises revenue earned from the provision of patient transport, and is recognised when the service is provided or when the fee in respect of services provided is receivable.

Ambulance cover revenue

SAAS operates the Ambulance cover scheme whereby members pay a subscription to cover themselves against the cost of ambulance transport. Ambulance cover revenue is brought to account as services are provided.

Call direct revenue

Call Direct revenue comprises the sale of alarm monitoring units, accessories and monitoring income. Units and accessories revenue are recognised at point of sale. Monitoring income is brought to account as services are provided.

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Contributions received

Contributions are recognised as an asset and income when SAAS obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Other revenue

Other income consists of training revenue, donations, and Emergency Services Levy revenue.

2.9 Revenue from SA Government

The Department provides recurrent and capital funding under a service level agreement (SLA) to SAAS for the provision of general health services.

Contributions from the Department are recognised as revenues when SAAS obtains control over the funding. Control over the funding is normally obtained upon receipt.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. SAAS has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, SAAS has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.11 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.12 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

2.13 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other agencies and to the public. SAAS's trading terms for receivables are generally 30 days.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that SAAS will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

Due to the nature of ambulance operations, particularly Community Service Obligations, SAAS has a substantial number of doubtful debts for Ambulance Transport. The provision for doubtful debts is adjusted on a regular basis to ensure that it sufficiently covers the latest estimate of debts that may prove to be uncollectable.

2.14 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Inventory imprest stock

2.15 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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.

SAAS capitalises all non-current tangible property, plant and equipment and intangible assets that it controls 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.

2.16 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*:

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- SAAS revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer;
- triennial revaluation of other non-current assets by a Certified Practicing Valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.17 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

2.18 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by SAAS are reassessed 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Land and non current assets held for sale are not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment and software	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 - 25
Intangibles	5 - 10

2.19 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. SAAS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of, or internal development of software, is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.20 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

SAAS 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 valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

In determining fair value, SAAS has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

SAAS's current use is the highest and best use of the asset unless other factors suggest an alternative use. As SAAS 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.

2.21 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.22 Payables

Payables include creditors, accrued expenses, GST payable, staff on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of SAAS.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

SAAS 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.

2.23 Staff benefits

These benefits accrue for staff 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.

Salaries, 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 reporting date.

The annual leave liability and the skills and experience retention leave (SERL) 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

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.

Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of 4 percent; and
- Discounting of 2.05 percent per annum based on the gross 10 year Commonwealth bond rate prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the consolidated entity does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Superannuation funds

A number of SAAS's staff are members of the SA Ambulance Service Superannuation Scheme (the "Scheme"). These staff are eligible to receive a benefit from the Scheme. A benefit is payable on retirement, death, disablement or leaving SAAS, in accordance with the Scheme's trust deed and rules. The Scheme provides lump sum benefits based on a combination of defined benefits which depend on years of service and final salary and accumulation benefits which depend on the accumulation of member and employer contributions adjusted for appropriate earnings and expenses. The liability for this Scheme has been determined via an actuarial valuation by Mercer Investment Nominees Limited using the projected unit credit method. The South Australian Superannuation Board was appointed Trustee of the Scheme effective 1 July 2006. The Scheme was closed to new members as at 30 June 2008. From 1 July 2008 new staff join an accumulative Triple S Scheme.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 *Employee Benefits*. The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows.

Refer to Note 24.

Actuarial gains and losses are recognised in other comprehensive income in the Statement of Comprehensive Income, in the period in which they occur. The superannuation expense comprising interest cost and other costs of the defined benefit plan is measured in accordance with AASB 119 *Employee Benefits* and is recognised as and when contributions fall due.

For a small proportion of the workforce, SAAS pays its contributions in accordance with the relevant award or contracts of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

2.24 Provisions

Provisions are recognised when SAAS has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

SAAS is an exempt employer under the Return to Work Act 2014. Under a scheme arrangement, SAAS 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 SAAS for the settlement of lump sum and redemption payments, the cost of these claims, together with other claim costs, are met directly by SAAS, and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

With respect to the workers compensation liability, SAAS includes an amount receivable for the lump sum and redemption portion of the workers compensation claims which is specifically funded by the Department.

Change of Accounting estimate

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.25 Specific Purpose Funds

SAAS receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by SAAS, and are used to help achieve SAAS 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 SAAS.

2.26 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

SAAS has only entered into operating leases and has no finance lease arrangements in place.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets or on a straight-line basis over the lease term. The straight-line basis is used when it is representative of the pattern of benefits derived from the leased assets.

2.27 Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from SAAS's operations are managed as part of the State Government Insurance Program. SAAS pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in SAAS's financial statements.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.28 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

2.29 SA Government/Non-SA Government disclosures

SAAS has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where SAAS must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.30 Continuity of Operations

As at 30 June 2016, SAAS had working capital deficiency of \$8.049 million (\$8.646 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of SAAS to enable it to perform its functions.

2.31 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

2.32 Correction of a prior period error

SAAS Contributed Capital - Equity transfer

SA Ambulance Service Inc has been reporting contributed capital in the Statement of Financial Position and Statement of Changes in Equity. DTF have confirmed that there is no evidence of contributed capital by SA Government. We do not consider it appropriate that we continue to report contributed capital. This amount (\$6.298 million) has consequently been reported as a prior period error this year.

SAAS Actuarial Recalculation for Prior Year Long Service Leave

During the 2015-16, it was identified that the SA Ambulance Service Inc long service leave provision was understated. The Actuary has calculated the effect of the understatement, and this has been reflected as an error correction in the statements for the prior year. The impact of these corrections are long service leave, and other non-current employment on costs (\$4.600 million).

SAAS Asset Revaluation Reserve - Equity transfer

SA Ambulance Service Inc has been reporting Asset Revaluation surplus - Leasehold Improvement and Asset Revaluation Surplus - Comms in the Statement of Financial Position and Statement of Changes in Equity. SAAS no longer revalue these Asset classes. These amounts (\$3,749 million) have been reported as a prior period error this year.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The correction of these errors in 2014-15 have resulted in certain account balances for 2014-15 being restated as follows:

Note	Description	2014-15 Reported Balance (\$'000)	Prior Period Error (\$'000)	Prior Period Reclass- ification (\$'000)	2014-15 Restated Balance (\$'000)
Equity ¹	Contributed capital	6,298	(6,298)		-
Equity ⁴	Asset revaluation surplus	15,807	(3,749)		12,058
Equity ^{1,2,4}	Retained Earnings	(31,338)	5,447		(25,891)
Staff benefits expense ²	Long service leave (LSL)	1,915	4,301		6,216
Staff benefits expense ²	Staff on-costs superannuation	16,239	297		16,536
Staff benefits expense ²	Other staff related expenses	240	2		242
Staff benefits ²	Non current Long service leave	20,695	4,034		24,729
Staff benefits ²	Current Long service leave	2,168	267		2,435
Staff benefits expenses ³	Workers compensation	4,008		(2)	4,006
Supplies and Services ³	Legal	79		2	81
Payable ²	Current Staff on-costs	2,218	20		2,238
Payable ²	Non current Staff on-costs	1,756	279		2,035
Cash and cash equivalents ³	Cash at bank or on hand non- government financial institutions	19,611		(9,864)	9,747
Cash and cash equivalents ³	Deposits with Treasurer			9,864	9,864

¹ Adjustment to Contributed Capital

² Actuarial recalculation to Long Service Leave

³ Comparative Change

⁴ Adjustment to Asset Revaluation Surplus

3 New and revised accounting standards and policies

Accounting Standards

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which SAAS has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAAS for the period ending 30 June 2016. SAAS has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of SAAS, except as outlined below.

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for SAAS
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 and AASB 1049]</i>	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	SAAS is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require SAAS to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for SAAS
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117	1 January 2019	AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement we have entered into at the time, this could see significant assets and liabilities being recognised and over the lease term amortised.	1 July 2019
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of SAAS. As a result of the amending standard, the financial report may include some terminology changes eg 'summary of significant accounting policies' to 'significant accounting policies'; and possibly grouping or ordering of similar items in the notes. In addition, the standard clarifies that where some standards specify information that is required to be disclosed, these need not be provided if not material.	1 July 2016

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

4 Staff benefit expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	122,172	114,392
TVSP (refer below)	42	-
Long service leave (LSL)	11,314	6,216
Annual leave	17,034	16,484
Skills and experience retention leave (SERL)	505	423
Staff on-costs - superannuation	17,810	16,536
Workers compensation	4,162	4,006
Board and committee fees	10	12
Other staff related expenses	371	242
Total staff benefit expenses	173,420	158,311

	2016	2015
	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated staff:		
TVSPs	42	-
Annual leave, LSL and SERL paid to those employees	25	-
	67	-

Number of staff who received a TVSP during the reporting period	1	-
---	---	---

Expenses recognised in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:	2016	2015
	\$'000	\$'000
Current service cost	9,033	8,779
Interest cost	632	530
Total included in staff benefit expenses	9,665	9,309

Service cost does not include the cost of 3% Award contributions for some members

Remuneration of staff

	2016	2015
	No.	No.
The number of staff whose remuneration received or receivable falls within the following bands:		
\$141,500 - \$145,000*	na	29
\$145,001 - \$155,000	80	57
\$155,001 - \$165,000	50	59
\$165,001 - \$175,000	56	61
\$175,001 - \$185,000	36	43
\$185,001 - \$195,000	39	20
\$195,001 - \$205,000	15	17
\$205,001 - \$215,000	6	6
\$215,001 - \$225,000	10	7
\$225,001 - \$235,000	2	2
\$235,001 - \$245,000	2	1
\$245,001 - \$255,000	1	1
\$255,001 - \$265,000	-	1
Total	297	304

	\$'000	\$'000
Total remuneration received or due and receivable by staff included above:	50,992	51,420

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

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, superannuation contributions, FBT and any other salary sacrifice benefits.

Where staff have left SAAS, the remuneration reflects lump sum long service leave, annual leave and termination benefits.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Staff whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Executive remuneration \$1.743 million, 9 staff (\$1.067 million, 5 staff);
- Operational remuneration \$48.951 million, 286 staff (\$49.648 million, 295 staff);
- Non-medical (i.e. administration) remuneration \$0.298 million, 2 staff (\$0.705 million, 4 staff).

The total remuneration received by these staff for the year was \$50.992 million (\$51,420 million).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

5 Supplies and services

	2016	2015
	\$'000	\$'000
Administration	245	276
Advertising	371	508
Communication	2,797	2,897
Computing	2,331	2,386
Contractors	17	109
Contractors - agency staff	14,576	13,075
Consultants	397	154
Contract of services	201	150
Cost of goods sold	188	190
Drug supplies	413	238
Electricity, gas and fuel	733	799
Finance lease contingent rentals	3	-
Food supplies	46	42
Health surveys	9	-
Housekeeping	1,822	1,853
Insurance	1,495	1,496
Internal SA Health SLA payments	1,835	3,450
Legal	70	81
Medical, surgical and laboratory supplies	3,450	3,655
Minor equipment	785	1,128
Motor vehicle expenses	3,753	3,617
Occupancy rent and rates	2,120	2,012
Patient transport	14,977	13,338
Payments to Shared Services SA	1,875	1,852
Periodical, journals and publications	34	26
Postage	671	609
Printing and stationery	760	628
Rental expense on operating lease	1,534	1,498
Repairs and maintenance	1,745	2,115
Security	12	24
Staff training and development	406	558
Staff travel expenses	2,560	2,286
Waste removal	9	-
Other supplies and services	2,182	2,005
Total supplies and services	64,422	63,055

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

	No.	2016	No.	2015
		\$'000		\$'000
Below \$10,000	2	7	1	4
Above \$10,000	7	390	3	150
Total paid/payable to consultants engaged	9	397	4	154

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

6 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings and improvements	1,308	1,034
Site improvements	60	59
Computing equipment	85	326
Medical, surgical, dental and biomedical equipment	1,296	543
Motor vehicles	5,436	5,008
Power generation and transmission	21	21
Other plant and equipment	766	653
Total depreciation	8,972	7,644
Amortisation		
Leasehold improvements	441	441
Intangible assets	1,090	1,110
Total amortisation	1,531	1,551
Total depreciation and amortisation	10,503	9,195

7 Other expenses

	Note	2016	2015
		\$'000	\$'000
Bad and doubtful debts	17	16,295	14,161
Bank fees and charges		48	78
Other		1,402	1,615
Total other expenses		17,745	15,854

8 Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	2016	2015
	\$'000	\$'000
Auditor fees - auditing financial statements	100	119
Total audit fees	100	119

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses – Other' (refer Note 7).

9 Revenue from fees and charges

	2016	2015
	\$'000	\$'000
Ambulance cover	24,440	23,752
Ambulance transport	94,025	83,993
Call direct	1,177	1,309
Insurance recoveries	-	247
Recoveries	3,398	2,898
Other user charges and fees	2,149	2,029
Total fees and charges	125,189	114,228
Ambulance transport		
Fees raised	189,874	174,551
Less:		
Ambulance cover concessions	55,627	52,477
Pensioner concessions	40,222	38,081
Ambulance transport	94,025	83,993

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

10 Grants and contributions		
	2016	2015
	\$'000	\$'000
10.1 Grants and contributions from SA Government agencies		
Other grants and contributions from SA Government agencies	1,000	-
Total grants and contributions from SA Government agencies	1,000	-
Total grants and contributions	1,000	-
11 Interest revenue		
	2016	2015
	\$'000	\$'000
Interest from SAFA	-	47
Bank interest	1	132
Interest on Special Purpose Funds (SPF)	55	31
Total interest revenue	56	210
12 Resources received free of charge		
	2016	2015
	\$'000	\$'000
Plant and equipment	4,271	91
Total resources received free of charge	4,271	91
Resources received free of charge includes 251 MRx Defibrillators that were replaced during the year. These items were replaced under warranty.		
13 Net gain/(loss) from disposal of non-current and other assets		
	2016	2015
	\$'000	\$'000
Land and buildings:		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	(221)
Less other costs of disposal	-	-
Net gain/(loss) from disposal of land and buildings	-	(221)
Plant and equipment:		
Proceeds from disposal	438	620
Less net book value of assets disposed	(5)	(142)
Less other costs of disposal	(55)	(80)
Net gain/(loss) from disposal of plant and equipment	378	398
Total assets:		
Total proceeds from disposal	438	620
Less total value of assets disposed	(5)	(363)
Less other costs of disposal	(55)	(80)
Total net gain/(loss) from disposal of non-current and other assets	378	177
14 Other revenue		
	2016	2015
	\$'000	\$'000
Training revenue	448	513
Emergency services levy	1,318	1,286
Donations received	502	105
Bad debts recovered	75	54
Other	316	253
Total other revenue	2,659	2,211

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

15 Revenue from SA Government

	2016	2015
	\$'000	\$'000
Revenue from SA Government (DHA contributions for the provision of health services)		
Recurrent funding	114,832	118,346
Capital funding	13,160	8,856
Total revenue from Department for Health and Ageing	127,992	127,202
Total revenue from SA Government	127,992	127,202

16 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	234	9,747
Deposits with Treasurer	19,385	9,864
Imprest account/cash on hand	12	14
Total cash	19,631	19,625

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is detailed in Note 28. The carrying amount of cash and cash equivalents represents fair value.

	2016	2015
	\$'000	\$'000
Included in the above cash amounts are the following specific purpose funds :		
Country Capital Reserve Fund	9,209	9,209
Country Branch Reserves	1,321	1,348
Development Fund	1,971	1,635
Total	12,501	12,192

17 Receivables

	2016	2015
	\$'000	\$'000
Current		
Workers compensation provision recoverable	1,643	809
Prepayments	643	1,092
Debtors	29,726	23,926
Receivables	32,012	25,827
Less: allowance for doubtful debts	(16,980)	(13,544)
Sundry receivables and accrued revenue	5,742	3,722
GST recoverable	64	167
Total current receivables	20,838	16,172
Non-current		
Workers compensation provision recoverable	1,526	1,364
Debtors	51	44
Receivables	1,577	1,408
Total non-current receivables	1,577	1,408
Total receivables	22,415	17,580

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. SAAS's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure information

Refer to Note 28.

Bad and doubtful debts

SAAS has recognised a bad and doubtful debt expense of \$16.295 million (\$14.161 million) in the Statement of Comprehensive Income.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	13,544	13,175
Amounts written off	(12,859)	(13,792)
Amounts recovered during the year	(75)	(54)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	16,370	14,215
Carrying amount at the end of the period	16,980	13,544

18 Inventories

	2016	2015
	\$'000	\$'000
Current - held for distribution		
Materials at cost:		
Inventory imprest stock	272	245
Total current inventories - held for distribution	272	245

19 Other assets

	2016	2015
	\$'000	\$'000
Current		
Other	4	46
Total current other assets	4	46
Total other assets	4	46

20 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Land only holdings at fair value	1,694	1,694
Site land at fair value	15,738	15,738
Land and buildings	17,432	17,432
Buildings and improvements at fair value	22,509	20,162
Site improvements at fair value	2,421	2,301
Buildings and improvements under construction (work in progress)	4,054	570
Buildings and improvements	28,984	23,033
Accumulated depreciation - buildings and improvements	1,569	201
Accumulated amortisation/depreciation	1,569	201
Total land, buildings and improvements	44,847	40,264
Leasehold improvements		
Leasehold improvements at fair value	13,338	13,338
Accumulated amortisation	2,819	2,378
Total leasehold improvements	10,519	10,960

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
Plant and equipment		
Computing equipment at cost (deemed fair value)	1,944	1,842
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	8,814	8,572
Motor vehicles at cost (deemed fair value)	38,231	35,695
Power generation and transmission at cost (deemed fair value)	449	449
Plant and equipment - major at cost (deemed fair value)	617	617
Other plant and equipment at cost (deemed fair value)	2,774	2,774
Plant and equipment under construction (work in progress)	5,995	5,530
Total plant and equipment	58,824	55,479
Accumulated depreciation - computing equipment	1,702	1,631
Accumulated depreciation - medical, surgical, dental and biomedical equipment	3,234	6,117
Accumulated depreciation - motor vehicles	24,255	22,013
Accumulated depreciation - power generation and transmission	159	138
Accumulated depreciation - other plant and equipment	2,198	1,432
Accumulated amortisation/depreciation	31,548	31,331
Total plant and equipment	27,276	24,148
Total property, plant and equipment	82,642	75,372

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 1st June 2015.

The valuer arrived at the fair value of unrestricted land 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.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III Asset Accounting Framework. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

SAAS's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	17,432	22,262	10,960	570	51,224
Additions	-	-	-	5,951	5,951
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation and amortisation	-	(1,368)	(441)	-	(1,809)
Transfers between asset classes	-	2,467	-	(2,467)	-
Carrying amount at the end of the period	17,432	23,361	10,519	4,054	55,366

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land \$'000	Buildings and improve- ments \$'000	Leasehold improve- ments \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	16,647	18,829	11,622	2,454	49,552
Additions	-	16	-	644	660
Write-off non-current assets	-	-	(221)	-	(221)
Revaluation increment/(decrement)	785	1,982	-	-	2,767
Depreciation and amortisation	-	(1,093)	(441)	-	(1,534)
Transfers between asset classes	-	2,528	-	(2,528)	-
Carrying amount at the end of the period	17,432	22,262	10,960	570	51,224

Land includes land only holdings at fair value and site land at fair value

Buildings and improvements include buildings and improvements at fair value, site improvements at fair value

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	2,455	211	5,530	15,952	24,148
Additions	103	116	6,234	13	6,466
Assets received free of charge	4,271	-	-	-	4,271
Disposals	-	-	-	(5)	(5)
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation and amortisation	(1,296)	(85)	-	(6,223)	(7,604)
Transfers between asset classes	47	-	(5,769)	5,722	-
Carrying amount at the end of the period	5,580	242	5,995	15,459	27,276

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	1,610	1,248	5,228	15,615	23,701
Additions	645	-	6,314	-	6,959
Assets received free of charge	-	91	-	-	91
Disposals	-	-	-	(64)	(64)
Write-off non-current assets	-	-	-	(78)	(78)
Revaluation increment/(decrement)	-	-	-	90	90
Depreciation and amortisation	(543)	(326)	-	(5,682)	(6,551)
Transfers between asset classes	743	(802)	(6,012)	6,071	-
Carrying amount at the end of the period	2,455	211	5,530	15,952	24,148

Other plant and equipment includes motor vehicles at cost, plant and equipment - major at cost, power generation and transmission and other plant and equipment at cost

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

21 Intangible assets

	2016	2015
	\$'000	\$'000
Computer Software		
Other computer software	5,553	5,553
Accumulated amortisation (Other computer software)	(3,708)	(2,618)
Total computer software	1,845	2,935
Total intangible assets	1,845	2,935

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Other computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	2,935	-	2,935
Amortisation	(1,090)	-	(1,090)
Carrying amount at the end of the period	1,845	-	1,845

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Other computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	4,045	-	4,045
Amortisation	(1,110)	-	(1,110)
Carrying amount at the end of the period	2,935	-	2,935

22 Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. SAAS 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 2016

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land (Note 20)	17,432	-	17,432
Buildings (Note 20)	-	23,361	23,361
Leasehold improvements (Note 20)	-	10,519	10,519
Plant and equipment (Note 20)	-	21,281	21,281
Total recurring fair value measurements	17,432	55,161	72,593
Total	17,432	55,161	72,593

Fair value measurements at 30 June 2015

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land (Note 20)	17,432	-	17,432
Buildings (Note 20)	-	22,262	22,262
Leasehold improvements (Note 20)	-	10,960	10,960
Plant and equipment (Note 20)	-	18,618	18,618
Total recurring fair value measurements	17,432	51,840	69,272
Total	17,432	51,840	69,272

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Valuation techniques and inputs

Land fair values were derived by using Level 2 valuation inputs, 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.

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.

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 were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings have been classified as Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	33,222	18,618	51,840
Additions	-	232	232
Assets received free of charge	-	4,271	4,271
Disposals	-	(5)	(5)
Transfer into Level 3	2,467	5,769	8,236
Gains/(losses) for the period recognised in net result:			
- Revaluation increment/(decrement)	-	-	-
- Depreciation and amortisation	(1,809)	(7,604)	(9,413)
Total gains/(losses) recognised in net result	(1,809)	(7,604)	(9,413)
Carrying amount at the end of the period	33,880	21,281	55,161

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	30,451	18,473	48,924
Additions	16	645	661
Assets received free of charge	-	91	91
Disposals	-	(64)	(64)
Write-off non-current assets	(221)	(78)	(299)
Transfer into Level 3	2,528	6,012	8,540
Gains/(losses) for the period recognised in net result:			
- Revaluation increment/(decrement)	1,982	90	2,072
- Depreciation and amortisation	(1,534)	(6,551)	(8,085)
Total gains/(losses) recognised in net result	448	(6,461)	(6,013)
Carrying amount at the end of the period	33,222	18,618	51,840

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

SAAS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. In 2016, certain land was transferred from Level 3 (existing use basis) to Level 2 (market value basis) due to restrictions on the use of the land being removed by the SA Government.

Assets transferred into Level 3 comprise capitalisation of assets from work in progress.

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

23 Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors and accrued expenses	3,269	4,472
Paid Parental Leave Scheme payable	17	1
Employment on-costs	2,340	2,238
Other payables	376	367
Total current payables	6,002	7,078
Non-current		
Employment on-costs	2,360	2,035
Total non-current payables	2,360	2,035
Total payables	8,362	9,113

As a result of an actuarial assessment performed by Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has remained at 51%. Further, Mercer Consulting (Australia) Pty Ltd has determined that the average factor for the calculation of employer superannuation cost on-cost has decreased from 13.94% in 2015 to 13.75%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in the employment on-cost of \$0.653 million. The estimated impact on 2017 and 2018 is \$0.679 million and \$0.706 million respectively.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 28.

24 Staff benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	20,226	18,841
Long service leave	2,479	2,435
Accrued salaries and wages	469	-
Skills and experience retention leave	800	741
Superannuation - defined benefit scheme	14,677	12,145
Other	3	-
Total current staff benefits	38,654	34,162
Non-current		
Long service leave	35,111	24,729
Superannuation - defined benefit scheme	46,422	16,300
Total non-current staff benefits	81,533	41,029
Total staff benefits	120,187	75,191

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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. 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 decreased from 2015 (3.0%) to 2016 (2.05%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the change in the current financial year is an increase in the reported long service leave liability of \$3.251 million and staff benefits expense of \$0.228 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

As a result of the actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the salary inflation rate increased from 3% per annum in 2015 to 4% per annum in 2016. The net financial effect of the change in the current financial year is a decrease in the reported long service leave liability of \$3.461 million and staff/employee benefit expense of \$0.243 million.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 and is held in SAAS.

Defined benefit superannuation scheme	2016	2015
Reconciliation of the present value of the defined benefit obligation:	\$'000	\$'000
Opening balance of defined benefit obligation	245,554	219,473
Current service cost	9,033	8,779
Interest cost	6,929	7,428
Contributions by scheme participants	5,806	5,022
Actuarial losses	28,003	13,621
Benefits paid	(7,371)	(7,115)
Taxes, premiums and expenses paid	(1,787)	(1,899)
Transfers in	315	245
Closing balance of defined benefit obligation	286,482	245,554
	2016	2015
Reconciliation of the fair value of scheme assets:	\$'000	\$'000
Opening balance of scheme assets	217,109	197,155
Interest Income	6,297	6,898
Actual return on Scheme assets less Interest Income	(686)	9,891
Contributions from the employer	5,700	6,912
Contributions by scheme participants	5,806	5,022
Benefits paid	(7,371)	(7,115)
Taxes, premiums and expenses paid	(1,787)	(1,899)
Transfers in	315	245
Closing balance of scheme assets	225,383	217,109
The amount included in the Statement of Financial Position arising		
Present value of defined benefit obligations	286,482	245,554
Fair value of scheme assets	(225,383)	(217,109)
Net liability arising from defined benefit obligations	61,099	28,445
Included in the Statement of Financial Position:		
Current provision for employee benefits - defined benefit obligations	14,677	12,145
Non-current provision for employee benefits - defined benefit	46,422	16,300
Closing balance of defined benefit obligation	61,099	28,445

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	% invested by asset class	
	2016	2015
	%	%
Australian equity	28	25
International equity	20	18
Fixed income	35	30
Property	9	10
Cash	8	17
Total	100	100

In accordance with the revised AASB 119 the discount rate assumption is used to determine interest income and the expected return on assets assumption is no longer used. The actual return on scheme assets was a gain of \$5.611 million (\$16.800 million). Employer contributions of \$5.861 million are expected to be paid to the scheme for the year ending 30 June 2017. Expected employer contributions reflect the current 12.00% of salary contributions.

	2016	2015
	% pa	% pa
Principal actuarial assumptions used (and expressed as weighted		
Discount rate (Defined benefit cost)	3.1	3.6
Discount rate (Defined benefit obligation)	2.1	3.1
Expected rate of salary increase	4.0	3.0
	2016	2015
	\$'000	\$'000
Movement in net defined benefit liability		
Net defined benefit liability at start of year	28,445	22,318
Defined benefit cost	9,665	9,309
Remeasurements	28,689	3,729
Employer contributions	(5,700)	(6,911)
Net defined benefit liability at end of year	61,099	28,445

Sensitivity Analysis

The defined benefit obligation as at 30 June 2016 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

Scenario A: 0.5% p.a. lower discount rate assumption

Scenario B: 0.5% p.a. higher discount rate assumption

Scenario C: 0.5% p.a. lower salary increase rate assumption

Scenario D: 0.5% p.a. higher salary increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate
Discount Rate	2.1%	1.6%	2.6%	2.1%	2.1%
Salary increase rate	4.0%	4.0%	4.0%	3.5%	4.5%
Defined benefit obligation (\$000s)	286,482	297,783	276,008	277,363	296,209

Description of the regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation schemes operate. The SIS regulations require an actuarial valuation to be performed for each defined benefit superannuation Scheme every three years, or every year if the Scheme pays defined benefit pensions unless an exemption has been obtained.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Description of other entities' responsibilities for the governance of the Scheme

The Scheme's trustee is responsible for the governance of the Scheme. The trustee has a legal obligation to act solely in the best interests of Scheme beneficiaries. The trustee has the following roles:

- administration of the Scheme and payment to the beneficiaries from Scheme assets when required in accordance with the Scheme rules;
- management and investment of the Scheme assets; and
- compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation schemes.

Description of risks

There are a number of risks to which the Scheme exposes the employer. The more significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk

The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The scheme assets are invested in the Funds SA Balanced Investment option. The assets are diversified within this investment option and therefore the Scheme has no significant concentration of investment risk.

Funding arrangements

The financing objective adopted at the 30 June 2014 actuarial investigation of the Scheme in a report dated 15 May 2015, is to maintain the value of the Scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- for defined benefits, the greater of 100% of vested benefits and 100% of the actuarial value of accrued benefits.

In that valuation, it was recommended that the employer contribute to the Scheme as follows:

- Defined Benefit members:
 - 12.00% of salary for all defined benefit members until 30 June 2015, then
 - 9.50% of salary for all defined benefit members after 1 July 2015, plus
 - Any additional employer contributions agreed between the employer and a member.
- Accumulation members:
 - 9.50% of ordinary time earnings, plus
 - Any additional employer contributions agreed between the employer and a member.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2016 is nine years.

25 Provisions

		2016	2015
Current	Note	\$'000	\$'000
Provision for workers compensation	25.1	3,439	2,567
Total current provisions		3,439	2,567
Non-current			
Provision for workers compensation	25.1	4,669	4,844
Total non-current provisions		4,669	4,844
Total provisions		8,108	7,411

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

25.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	7,411	8,068
Additional provisions recognised	1,444	123
Reductions arising from payments/other sacrifices of future economic benefits	(747)	(780)
Carrying amount at the end of the period	8,108	7,411

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet). These claims are expected to be settled within the next financial year.

26 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unclaimed monies	92	111
Unearned revenue	601	816
Other	6	-
Total current other liabilities	699	927
Total other liabilities	699	927

27 Equity

	2016	2015
	\$'000	\$'000
Asset revaluation surplus	12,058	12,058
Other reserves	8,305	36,994
Retained earnings	(30,910)	(25,891)
Total equity	(10,547)	23,161

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.

During 2015-16 it was identified that the SAAS Asset revaluation reserve included balances related to superseded Communications equipment (\$2.117 million), last revalued in 2001, and Leasehold improvements (\$1.632 million) which have not been revalued since 2009. It is inappropriate to continue to carry these balances forward and therefore these have been shown in Retained earnings as an error correction in the annual Financial Statements.

Other Reserves include Branch Reserves, Country Capital Reserves and Defined Benefit Fund Remeasurement.

28 Financial instruments / financial risk management

28.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and 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*.

SAAS is exposed to financial risk – liquidity risk, credit risk and market risk. 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 Note 2.

Refer to Table 28.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

SAAS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 17 and 23).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 24).

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 19).

28.3 Liquidity risk

Liquidity risk arises from the possibility that SAAS is unable to meet its financial obligations as they fall due. The continued existence of SAAS is dependent on State Government policy and on continued funding from the Department for Health and Ageing for SAAS's administration and program delivery. SAAS settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

SAAS's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 28.3 represent SAAS's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by SAAS including the contractual maturity analysis for financial assets and liabilities (ie liquidity risk).

Table 28.3 Categorisation and maturity analysis of financial assets and liabilities

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	16, 32	19,631	19,631	-	-	-
Loans and receivables						
Receivables (1) (2)	17	18,470	18,470	-	-	-
Total financial assets		38,101	38,101	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	3,548	3,548	-	-	-
Other liabilities	26	98	98	-	-	-
Total financial liabilities		3,646	3,646	-	-	-

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	16, 32	19,625	19,625	-	-	-
Loans and receivables						
Receivables (1) (2)	17	14,090	14,090	-	-	-
Total financial assets		33,715	33,715	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	4,720	4,720	-	-	-
Other liabilities	26	111	111	-	-	-
Total financial liabilities		4,831	4,831	-	-	-

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28.4 Credit risk

Credit risk arises when there is the possibility of SAAS's debtors defaulting on their contractual obligations resulting in financial loss to SAAS. SAAS measures credit risk on a fair value basis and monitors risk on a regular basis.

SAAS has minimal concentration of credit risk. SAAS does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by SAAS.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 17 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 28.3 represents SAAS's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 28.4 Aging analysis of financial assets

2016	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	19,631	19,631	-	-	-	-
Receivables (1)	18,470	14,242	3,018	1,154	56	(16,980)
	38,101	33,873	3,018	1,154	56	(16,980)
2015						
Cash and cash equivalents	19,625	19,625	-	-	-	-
Receivables	14,090	10,029	2,659	1,328	74	(13,544)
	33,715	29,654	2,659	1,328	74	(13,544)

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

28.5 Market risk

Market risk for SAAS is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. Any exposure to foreign currency risks is managed by SAFA.

28.6 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of SAAS as it has been determined that the possible impact on comprehensive income or total equity from fluctuations in interest rates is immaterial.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

29 Unrecognised contractual commitments

29.1 Operating lease expenditure commitments

	2016 \$'000	2015 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	1,533	1,676
Later than one year but not longer than five years	2,417	3,242
Later than five years	1,412	2,320
Total operating lease commitments	5,362	7,238
Representing:		
Non-cancellable operating leases	5,362	7,238
Total operating lease commitments	5,362	7,238

SAAS has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee.

SAAS has a number of operating lease arrangements for the use of properties. The major commitments are for properties at Eastwood, Parkside, Bedford Park, Ashford Hospital, Netley, Port Adelaide, Aldgate, Angaston, Gepps Cross, Edwardstown and Nuriootpa. SAAS has a number of other operating leases for the use of property. The value of these leases is immaterial.

29.2 Expenditure commitments

Capital commitments	2016 \$'000	2015 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statement, are payable as follows:		
Within one year	134	337
Total capital commitments	134	337

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

Expenditure commitments	2016 \$'000	2015 \$'000
Other expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	875	143
Later than one year but not longer than five years	298	-
Later than five years	-	-
Total other commitments	1,173	143

SAAS expenditure commitments are for agreements for goods and services ordered but not received.

30 Transferred functions

Transferred in
2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc (SAAS).

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the Local Health Networks and SAAS.

Total income and expenses that transferred were:

	2016 \$'000	2015 \$'000
Staff benefit expenses	-	29
Total expenses	-	29
Net result	-	(29)

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Liabilities transferred to SAAS were:

	2016 \$'000	2015 \$'000
Payables	34	8
Provisions	-	154
Staff benefits	440	-
Total liabilities	474	162
Total net assets transferred	(474)	(162)

Net assets assumed by SAAS 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.

31 Contingent assets and liabilities

The current Enterprise Bargaining agreement has a preserved date of 1 January 2015 for the effective date of any subsequent Agreement to apply. The Agreement negotiations are about to commence and any increase will be back dated to 1 January 2015.

32 Cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	19,631	19,625
Cash as per Statement of Financial Position	19,631	19,625
Balance as per the Statement of Cash Flows	19,631	19,625
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	12,040	11,786
Department for Health and Ageing contributions for the provision of health services	(127,992)	(127,202)
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(10,503)	(9,195)
Gain/loss on sale or disposal of non-current assets	378	177
Assets acquired at no cost or nominal consideration	4,271	91
Capital revenues	-	271
Other	-	(6)
Movement in assets and liabilities		
Increase (decrease) in receivables	4,835	(2,416)
Increase (decrease) in inventories	27	221
Increase (decrease) in other current assets	(42)	(39)
(Increase) decrease in staff benefits	(15,867)	(7,908)
(Increase) decrease in payables and provisions	88	5,409
(Increase) decrease in other liabilities	228	(687)
Net cost of providing services	(132,537)	(129,498)

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4 Staff benefit expenses	338	206	173,082	158,105	173,420	158,311
Salaries and wages	-	-	122,172	114,392	122,172	114,392
TVSP (refer below)	-	-	42	-	42	-
Long service leave (LSL)	-	-	11,314	6,216	11,314	6,216
Annual leave	-	-	17,034	16,484	17,034	16,484
Skills and experience retention leave (SERL)	-	-	505	423	505	423
Employment on-costs - superannuation	-	-	17,810	16,536	17,810	16,536
Workers compensation	-	-	4,162	4,006	4,162	4,006
Board and committee fees	-	-	10	12	10	12
Other employee related expenses	338	206	33	36	371	242
5 Supplies and services	31,215	30,332	33,207	32,723	64,422	63,055
Administration	1	12	244	264	245	276
Advertising	25	16	346	492	371	508
Communication	1,564	1,531	1,233	1,366	2,797	2,897
Computing	1,674	1,841	657	545	2,331	2,386
Contractors	-	-	17	109	17	109
Contractors - agency staff	14,009	12,586	567	489	14,576	13,075
Consultants	-	-	397	154	397	154
Contract of services	-	-	201	150	201	150
Cost of goods sold	-	-	188	190	188	190
Drug supplies	236	100	177	138	413	238
Electricity, gas and fuel	3	1	730	798	733	799
Finance lease contingent rentals	-	-	3	-	3	-
Food supplies	40	34	6	8	46	42
Health surveys	-	-	9	-	9	-
Housekeeping	86	93	1,736	1,760	1,822	1,853
Insurance	1,439	1,421	56	75	1,495	1,496
Internal SA Health SLA payments	1,835	3,450	-	-	1,835	3,450
Legal	62	81	8	-	70	81
Medical, surgical and laboratory	2,556	2,761	894	894	3,450	3,655
Minor equipment	81	99	704	1,029	785	1,128
Motor vehicle expenses	640	642	3,113	2,975	3,753	3,617
Occupancy rent and rates	87	37	2,033	1,975	2,120	2,012
Patient transport	2,792	1,599	12,185	11,739	14,977	13,338
Payments to Shared Services SA	1,875	1,852	-	-	1,875	1,852
Periodical, journals and publications	1	7	33	19	34	26
Postage	-	-	671	609	671	609
Printing and stationery	295	140	465	488	760	628
Rental expense on operating lease	1,534	1,498	-	-	1,534	1,498
Repairs and maintenance	108	127	1,637	1,988	1,745	2,115
Security	2	1	10	23	12	24
Staff training and development	120	225	286	333	406	558
Staff travel expenses	-	6	2,560	2,280	2,560	2,286
Waste removal	-	-	9	-	9	-
Other supplies and services	150	172	2,032	1,833	2,182	2,005

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
6 Depreciation and amortisation expense	-	-	10,503	9,195	10,503	9,195
Buildings and improvements	-	-	1,308	1,034	1,308	1,034
Site improvements	-	-	60	59	60	59
Computing equipment	-	-	85	326	85	326
Medical, surgical, dental and biomedical equipment	-	-	1,296	543	1,296	543
Motor vehicles	-	-	5,436	5,008	5,436	5,008
Power generation and transmission	-	-	21	21	21	21
Other plant and equipment	-	-	766	653	766	653
Leasehold improvements	-	-	441	441	441	441
Intangible assets	-	-	1,090	1,110	1,090	1,110
7 Other expenses	17	26	17,628	15,709	17,645	15,735
Bad and doubtful debts	-	-	16,295	14,161	16,295	14,161
Bank fees and charges	-	-	48	78	48	78
Other (excluding audit fees)	17	26	1,285	1,470	1,302	1,496
8 Auditor's remuneration	100	119	-	-	100	119
Auditor fees - auditing financial statements	100	119	-	-	100	119
TOTAL EXPENSES	31,670	30,683	234,420	215,732	266,090	246,415
INCOME						
9 Revenue from fees and charges	33,887	29,902	91,302	84,326	125,189	114,228
Ambulance cover	-	-	24,440	23,752	24,440	23,752
Ambulance transport	29,635	26,675	64,390	57,318	94,025	83,993
Call direct	-	-	1,177	1,309	1,177	1,309
Insurance recoveries	-	116	-	131	-	247
Recoveries	3,381	2,794	17	104	3,398	2,898
Other user charges and fees	871	317	1,278	1,712	2,149	2,029
10 Grants and contributions	1,000	-	-	-	1,000	-
Other grants and contributions from SA Government agencies	1,000	-	-	-	1,000	-
11 Interest revenue	55	78	1	132	56	210
Interest from SAFA	-	47	-	-	-	47
Bank interest	-	-	1	132	1	132
Interest on Special Purpose Funds (SPF)	55	31	-	-	55	31
12 Resources received free of charge	-	-	4,271	91	4,271	91
Plant and equipment	-	-	4,271	91	4,271	91
13 Net gain/(loss) from disposal of non-current and other assets	-	-	378	177	378	177
Total proceeds from disposal	-	-	438	620	438	620
Less total value of assets disposed	-	-	(5)	(363)	(5)	(363)
Less other costs of disposal	-	-	(55)	(80)	(55)	(80)
14 Other revenue	1,450	1,420	1,209	791	2,659	2,211
Training revenue	115	86	333	427	448	513
Emergency services levy	1,318	1,286	-	-	1,318	1,286
Donations received	-	-	502	105	502	105
Bad debts recovered	-	-	75	54	75	54
Other	17	48	299	205	316	253
15 Revenue from SA Government	127,992	127,202	-	-	127,992	127,202
Recurrent funding	114,832	118,346	-	-	114,832	118,346
Capital funding	13,160	8,856	-	-	13,160	8,856
TOTAL INCOME	164,384	158,602	97,161	85,517	261,545	244,119

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
16 Cash and cash equivalents	19,385	9,864	246	9,761	19,631	19,625
Cash at bank or on hand - non-government financial institutions	-	-	234	9,747	234	9,747
Deposits with Treasurer	19,385	9,864	-	-	19,385	9,864
Imprest account/cash on hand	-	-	12	14	12	14
17 Receivables	4,029	2,834	18,386	14,746	22,415	17,580
Workers compensation provision recoverable	3,169	2,173	-	-	3,169	2,173
Prepayments	-	-	643	1,092	643	1,092
Debtors	860	661	28,917	23,309	29,777	23,970
Less: allowance for doubtful debts	-	-	(16,980)	(13,544)	(16,980)	(13,544)
Sundry receivables and accrued revenue	-	-	5,742	3,722	5,742	3,722
GST recoverable	-	-	64	167	64	167
19 Other assets	-	-	4	46	4	46
Other	-	-	4	46	4	46
TOTAL FINANCIAL ASSETS	23,414	12,698	18,636	24,553	42,050	37,251
FINANCIAL LIABILITIES						
23 Payables	800	743	7,562	8,370	8,362	9,113
Creditors and accrued expenses	527	676	2,742	3,796	3,269	4,472
Paid Parental Leave Scheme payable	-	-	17	1	17	1
Employment on-costs	-	-	4,700	4,273	4,700	4,273
Other payables	273	67	103	300	376	367
26 Other liabilities	-	-	699	927	699	927
Unclaimed monies	-	-	92	111	92	111
Unearned revenue	-	-	601	816	601	816
Other	-	-	6	-	6	-
TOTAL FINANCIAL LIABILITIES	800	743	8,261	9,297	9,061	10,040

34 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Finance Committee

Barker J *	Cox R *	Merrett B* (13/04/2016)
Cameron S *	Driscoll K *	Woolcock J * (resigned 11/11/2015)
Chalmers H	McMillan Hall D * (Chair)	

Risk Management and Audit Committee

Chapman P * (resigned 09/06/2016)
Sneddon Y (Chair)
Taylor B

* denotes government employees.

	2016	2015
The number of members whose remuneration received or receivable falls within the following bands:	No. of Members	No. of Members
\$0	8	8
\$1 - \$9,999	3	3
Total	11	11

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.010 million (\$0.011 million).

In accordance with the *Department of 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.

SA AMBULANCE SERVICE INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

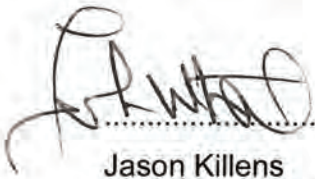
35 Events after the reporting period

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

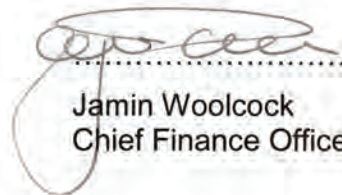
Certification of the financial statements

We certify that the:

- financial statements of the SA Ambulance Service 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 SA Ambulance Service Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



.....
Jason Killens
Chief Executive Officer



.....
Jamin Woolcock
Chief Finance Officer

Date 16/9/2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Officer SA Ambulance Service Inc

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 55(2) of the *Health Care Act 2008*, I have audited the accompanying financial report of the SA Ambulance Service Inc for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

The Chief Executive Officer's responsibility 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 the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

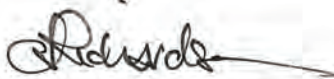
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Ambulance Service Inc's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the SA Ambulance Service Inc as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016

Southern Adelaide Local
Health Network Incorporated

Financial report
for the year ended
30 June 2016

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Staff benefit expenses	4	692,498	636,152
Supplies and services	5	255,258	251,263
Depreciation and amortisation expense	6	29,503	28,801
Grants and subsidies	7	3,472	3,359
Borrowing costs	8	1,299	1,520
Net loss from disposal of non-current and other assets	15	386	1,465
Other expenses	9	59,371	5,468
Total expenses		1,041,787	928,028
Income			
Revenue from fees and charges	11	60,772	66,084
Grants and contributions	12	7,299	8,296
Interest revenue	13	227	317
Resources received free of charge	14	-	860
Other revenue	16	8,599	11,558
Other income	17	-	5,809
Total income		76,897	92,924
Net cost of providing services		964,890	835,104
Revenue from SA Government			
Revenue from SA Government	18	881,882	829,482
Total revenue from SA Government		881,882	829,482
Net result		(83,008)	(5,622)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		(10,619)	6,901
Total other comprehensive income		(10,619)	6,901
Total comprehensive result		(93,627)	1,279

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Current assets			
Cash and cash equivalents	19	31,256	38,448
Receivables	20	22,717	24,204
Inventories	21	3,018	3,195
Total current assets		56,991	65,847
Non-current assets			
Receivables	20	4,366	5,340
Other financial assets	22	2,698	2,294
Property, plant and equipment	23	545,850	595,255
Total non-current assets		552,914	602,889
Total assets		609,905	668,736
Current liabilities			
Payables	26	26,952	26,712
Borrowings	27	3,033	1,948
Staff benefits	28	102,962	93,187
Provisions	29	6,636	5,633
Other liabilities	30	693	727
Total current liabilities		140,276	128,207
Non-current liabilities			
Payables	26	5,616	4,809
Borrowings	27	10,461	13,494
Staff benefits	28	107,748	87,814
Provisions	29	17,662	11,756
Other liabilities	30	274	-
Total non-current liabilities		141,761	117,873
Total liabilities		282,037	246,080
Net assets		327,868	422,656
Equity			
Asset revaluation surplus	31	288	15,857
Retained earnings	31	327,580	406,799
Total equity		327,868	422,656

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 33

Contingent assets and liabilities 35

The above statement should be read in conjunction with the accompanying notes.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2014		10,316	418,345	428,661
Error correction		-	(5,231)	(5,231)
Restated balance at 30 June 2014		10,316	413,114	423,430
Net result for 2014-15		-	(5,622)	(5,622)
Gain/(loss) on revaluation of property during 2014-15	23	5,791	-	5,791
Gain/(loss) on revaluation of plant and equipment during 2014-15	23	1,110	-	1,110
Total comprehensive result for 2014-15		6,901	(5,622)	1,279
Transfer between equity components		(70)	70	-
Error correction (Transfer between equity)		(1,290)	1,290	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(800)	(800)
Net assets transferred as a result of an administrative restructure	34	-	(1,253)	(1,253)
Balance at 30 June 2015	31	15,857	406,799	422,656
Net result for 2015-16		-	(83,008)	(83,008)
Gain/(loss) on revaluation of property during 2015-16	23	(10,619)	-	(10,619)
Total comprehensive result for 2015-16		(10,619)	(83,008)	(93,627)
Transfer between equity components		(4,950)	4,950	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	34	-	(1,161)	(1,161)
Balance at 30 June 2016	31	288	327,580	327,868

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Cash flows from operating activities			
Cash outflows			
Staff benefit expenses		(655,686)	(631,420)
Payments for supplies and services		(275,423)	(267,403)
Payments of grants and subsidies		(3,474)	(3,359)
Interest paid		(1,299)	(1,520)
Payments for paid parental leave scheme		(2,379)	(2,269)
Other payments		(1,043)	(1,710)
Cash used in operations		(939,304)	(907,681)
Cash inflows			
Fees and charges		66,138	69,487
Grants and contributions		7,802	7,353
Interest received		227	317
GST recovered		17,391	15,775
Receipts for paid parental leave scheme		2,381	2,279
Other receipts		8,532	11,264
Cash generated from operations		102,471	106,475
Cash flows from SA Government			
Receipts from SA Government		848,887	828,215
Cash generated from SA Government		848,887	828,215
Net cash provided by / (used in) operating activities		12,054	27,009
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(17,335)	(4,609)
Cash used in investing activities		(17,335)	(4,609)
Cash inflows			
Proceeds from sale of property, plant and equipment		37	1
Cash generated from investing activities		37	1
Net cash provided by/(used in) investing activities		(17,298)	(4,608)
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings		(1,948)	(2,252)
Cash used in financing activities		(1,948)	(2,252)
Net cash provided by/(used in) financing activities		(1,948)	(2,252)
Net increase/(decrease) in cash and cash equivalents		(7,192)	20,149
Cash and cash equivalents at the beginning of the period		38,448	18,299
Cash and cash equivalents at the end of the period	36	31,256	38,448
Non-cash transactions	36	(55,680)	(19,461)

The above statement should be read in conjunction with the accompanying notes.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1 Objectives of Southern Adelaide Local Health Network

The Southern Adelaide Local Health Network Incorporated (the Hospital) was incorporated on 1 July 2011 under the *Health Care Act 2008* (the Act).

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Ageing (the Department) and is accountable to the Chief Executive of the Department.

The Southern Adelaide Local Health Network Health Advisory Council Incorporated was established pursuant to the Act. The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and the Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital's primary objectives are to:

- promote, maintain and improve the health of the public;
- efficiently conduct and manage health services;
- monitor, maintain and improve the quality and safety of health services;
- efficiently conduct and manage health services to veterans and drug and alcohol services on a statewide basis;
- provide health advice and information to the public relating to health services available;
- initiate, facilitate, support and conduct research into any area of health service activity and to foster innovation in the provision of health services; and
- improve services and patient care through ongoing teaching and professional development of staff.

1.1 Administrative restructures

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Hospital and SA Ambulance Service Inc. (SAAS).

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 4 August 2014, inventory associated with the Flinders Medical Centre (FMC), were transferred to the Distribution Centre Division of the Department. Effective 16 February 2015, inventory associated with Noarlunga Health Services (NHS) and Repatriation General Hospital (RGH) were transferred to the Distribution Centre Division of the Department.

Details of the assets, rights and liabilities that transferred are provided in Note 34.

2 Summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, and the requirements of the Act.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

Except for AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Hospital for the period ending 30 June 2016. Refer to Note 3.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The Hospital's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

2.3 Reporting entity

The Hospital was established as an incorporated hospital under the Act on 1 July 2011.

The financial statements include all controlled activities of the Hospital. Transactions and balances relating to administered resources are not recognised as the Hospital's income, expenses, assets, liabilities and cash flows. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the schedule of administered items in Note 41. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as the Hospital.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000).

2.6 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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Effective 1 January 2014, the Department, incorporated Hospitals and the SAAS were grouped for GST purposes with the ATO. All transactions between the GST group members are not subject to GST. The Department acts as an agent on behalf of the incorporated Hospitals and SAAS for the purpose of remitting GST to, and recovering GST from, the ATO.

2.7 Expenses

Expenses are recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits from the Hospital will occur, and can be reliably measured.

Expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Contributions paid

Contributions payable will be recognised as a liability and expense when the Hospital has a present obligation to pay the contribution and the expense recognition criteria are met.

Loss from disposal of non-current assets

Loss from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Staff benefits expenses

Staff benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Hospital to the superannuation plan in respect of current services of current hospital staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.8 Income

Income is recognised in the Hospital's Statement of Comprehensive Income when, and only when, it is probable that the flow of economic benefits to the Hospital will occur, and can be reliably measured.

Income has been classified according to its nature, and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are the specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer, and determined by comparing proceeds with the carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value.

Contributions received

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Other income

Other income consists of revaluation increments income.

Other revenue

Other revenue consists of car park revenue, rent revenue, donations, commissions from vending machine sales; ATM transactions and health fund deductions, royalties from copyright and events and training revenue.

2.9 Revenue from SA Government

The Department provides recurrent and capital funding under a service level agreement (SLA) 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.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Hospital has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Hospital has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.11 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.12 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits at call and other short-term, highly liquid investments with maturities of three months or less, that are readily converted to cash, and which are subject to insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

2.13 Receivables

Receivables include amounts receivable from goods and services, GST recoverable, prepayments and other accruals.

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.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Doubtful Debts

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Bad debts are written off only after all reasonable effort has been made to collect the debt.

2.14 Inventories

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as an expense reduction.

Inventories include:

- Drug supplies;
- Inventory imprest stock; and
- Other supplies.

2.15 Other financial assets

Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility is the only joint arrangement in which the hospital participates.

According to the terms of the joint venture, profit earned during the financial year is to be distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. However, it has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business. Therefore the Hospital recognises their ownership interest of the distribution as a financial asset.

2.16 Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

2.17 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 all non-current tangible property, plant and equipment and intangible assets that it controls 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.

2.18 Revaluation of non-current assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*:

- all non-current tangible assets are valued at written down cost (a proxy for fair value);
- the Hospital revalues all land, buildings and site improvements triennially via a Certified Practising Valuer;
- triennial revaluation of other non-current assets by a Certified Practising Valuer 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;
- 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; and
- non-current tangible assets that are acquired between revaluations are held at cost, until the next valuation, when they are revalued to fair value.

Any revaluation increase is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation reserves for that asset class.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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.

2.19 Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

The impending sale of the Repatriation General Hospital excluding a small portion to the Returned Services League has given rise to an impairment event. In accordance with AASB 136 *Impairment of Assets* the Hospital has impaired the value of the land, buildings and site improvements with the net book value of these assets reflecting the expected net sales proceeds.

2.20 Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible and leasehold assets, whilst depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed 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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

Land and non-current assets held for sale are not depreciated.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	1 - 60
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	3 - 25
• Computing equipment and software	3 - 7
• Vehicles	2 - 25
• Other plant and equipment	3 - 50
Intangibles	5 - 10

2.21 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The Hospital does not have any intangible assets.

2.22 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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 valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

In determining fair value, the Hospital has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

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, except for the Repatriation General Hospital which reflects the recoverable amount.

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.

Financial asset/liabilities

The Hospital does not recognise any financial assets or financial liabilities at fair value.

2.23 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.24 Payables

Payables include creditors, accrued expenses, GST payable, staff on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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.

All payables are measured at their nominal amount, are unsecured, and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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.

2.25 Borrowings/Financial Liabilities

The Hospital measures financial liabilities including borrowings/debt at historical cost.

2.26 Staff benefits

These benefits accrue for staff 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.

Salaries, wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the SERL 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 SERL liability are payable later than 12 months, the liability will be measured at present value.

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.

Long service leave (LSL)

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*. The following assumptions were made by the Actuary when performing the assessment:

- Salary increases of 4 percent; and
- Discounting of 1.90 percent per annum based on the gross 7 year Commonwealth bond rate prevailing at 30 June 2016.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the Hospital does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

2.27 Provisions

Provisions are recognised when the Hospital has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office of the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

With respect to the workers compensation liability, the Hospital includes an amount receivable for the lump sum and redemption portion of the workers compensation claims which is specifically funded by the Department.

Change of accounting estimate

The Actuary's allocation methodology is intended to provide an equitable basis for spreading the Department's liabilities amongst individual Health entities. The Actuary has advised that the allocating of deemed seriously injured (SI) claims to individual Health entities has been undertaken for the first time this year, as there were no deemed SI claims in prior years. The allocating of deemed SI claims to individual Health entities and the use of each Health entity's claims experience in the allocation methodology means that there can be some considerable variation in the Health entity's liabilities from one year to the next if the claims experience changes significantly, or a Health entity's deemed SI claims change. The impact of this change is not quantifiable.

2.28 Specific Purpose Funds

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.

2.29 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Operating leases

For operating leases, the lessor retains substantially the entire risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by the Hospital in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

2.30 Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2.31 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments or contingencies are disclosed on a gross basis.

2.32 SA Government/Non-SA Government disclosures

The Hospital has adopted the requirements of Accounting Policy Framework II *General Purpose Financial Statements Framework* where the Hospital must disclose by way of a note, whether transactions are with entities that are within, or external to, the SA Government. These transactions are classified by their nature, and relate to revenues, expenses, financial assets and financial liabilities.

2.33 Continuity of Operations

As at 30 June 2016, the Hospital had working capital deficiency of \$83.285 million (\$62.360 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.34 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

2.35 Correction of a prior period error

Child and Adolescent Mental Health and Women's Health as at 1 July 2013

Child and Adolescent Mental Health Service in South Australia are governed by the Women's and Children's Health Network. Child and Adolescent Mental Health Service currently consists of an acute inpatient unit, community and outpatient services, as well as perinatal services also located on Glenside Campus.

In June 2012, the SA Health Portfolio Executive reaffirmed its 2011 decision to establish a single state-wide Child and Adolescent Mental Health Service for children and adolescents aged 0 to 15 years of age. Previous to July 2013 the service was split between Southern Adelaide Local Health Network (Southern CAMHS) and the Women's and Children's Health Network (Northern CAMHS). These services operated under very different models of care and in July 2013 there was a merger of the Northern and Southern CAMHS teams to join under one umbrella of Women's and Children's Health Network.

During the 2015-16 financial year, it was identified that Child and Adolescent Mental Health transactions should have been reflected in the Women's and Children's Health Network's financial report effective 1 July 2013. In addition, during the 2015-16 financial year, it was identified that Women's Health transactions should have been reflected in the Women's and Children's Health Network's financial report effective 1 July 2013 or earlier, as these activities are specific functions of Women's and Children's Health Network as per the *Health Care (Local Health Networks) Proclamation* of 2011. In 2015-16 net expenses valued at \$0.138 million and net liabilities valued at \$1.925 million were identified and corrected as a prior year adjustment in this financial report.

SA Pharmacy and SA Medical Imaging as at 1 July 2012

On 1 July 2012, SA Pharmacy and SA Medical Imaging became a statewide service, under Central Adelaide Local Health Network.

SA Pharmacy is responsible for the provision of pharmacy services at SA metropolitan public hospitals and at country hospitals with on-site pharmacy departments.

SA Medical Imaging is responsible for the provision of all medical imaging services at SA Public Hospitals within metropolitan and country South Australia across SA Health. Contracts with external service providers exist for Modbury Hospital and Noarlunga Hospital, and many country health sites.

During the 2015-16 financial year, it was identified that SA Pharmacy transactions and SA Medical Imaging transactions should have been reflected in Central Adelaide Local Health Network's financial report effective 1 July 2012. In 2015-16 net expenses valued at \$0.895 million and net assets valued at \$2.193 million were identified and corrected as a prior year adjustment in this financial report.

Prior period reclassification

The 2015 comparative information has been amended to better reflect the nature of the transactions in accordance with Note 2.4 above. The amendments made had no impact on reported equity.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

The correction of these errors in 2015-16 have resulted in certain account balances for 2014-15 being restated as follows:

Note	Description	2014-15 (\$'000)	Prior Period Error (\$'000)	Prior period reclassificati on (\$'000)	2014-15 Restated Balance (\$'000)
Staff benefit expenses ^{1 2}	Salaries and wages	548,469	(39,642)		508,827
Staff benefit expenses ¹	TVSP (refer below)	450	(370)		80
Staff benefit expenses ^{1 2}	Long service leave (LSL)	13,817	(823)		12,994
Staff benefit expenses ^{1 2}	Annual leave	48,999	(2,917)		46,082
Staff benefit expenses ^{1 2}	Skills and experience retention leave (SERL)	2,180	(168)		2,012
Staff benefit expenses ^{1 2}	Staff on-costs - superannuation	58,452	(4,193)		54,259
Staff benefit expenses ^{1 2 3}	Workers compensation	9,319	(2)	(25)	9,292
Staff benefit expenses ^{1 2}	Other staff related expenses	2,689	(170)		2,519
Supplies and services ^{1 2}	Administration	538	(32)		506
Supplies and services ^{1 2}	Communication	1,255	(62)		1,193
Supplies and services ^{1 2 3}	Computing	8,940	(371)	147	8,716
Supplies and services ¹	Contractors	529	(5)		524
Supplies and services ^{1 2}	Contractors - agency staff	15,261	(130)		15,131
Supplies and services ²	Drug supplies	41,628	(24,772)		16,856
Supplies and services ¹	Electricity, gas and fuel	7,157	(49)		7,108
Supplies and services ^{1 2}	Fee for service	29,047	101		29,148
Supplies and services ^{1 2}	Food supplies	10,291	(46)		10,245
Supplies and services ^{1 2}	Housekeeping	10,384	(176)		10,208
Supplies and services ¹	Insurance	5,615	(1)		5,614
Supplies and services ³	Legal	143		25	168
Supplies and services ²	Medical, surgical and laboratory supplies	72,782	(2,665)		70,117
Supplies and services ^{1 2}	Minor equipment	3,248	(254)		2,994
Supplies and services ^{1 2}	Motor vehicle expenses	1,695	(41)		1,654
Supplies and services ^{1 2}	Occupancy rent and rates	4,604	(723)		3,881
Supplies and services ²	Patient transport	5,257	(27)		5,230
Supplies and services ^{1 2}	Periodical, journals and publications	257	(46)		211
Supplies and services ^{1 2}	Postage	1,125	(93)		1,032
Supplies and services ^{1 2}	Printing and stationery	2,346	(182)		2,164
Supplies and services ³	Rental expense on operating lease	147		(147)	-
Supplies and services ^{1 2}	Repairs and maintenance	18,458	(1,884)		16,574
Supplies and services ^{1 2}	Security	5,003	(9)		4,994
Supplies and services ^{1 2}	Staff training and development	8,570	(613)		7,957
Supplies and services ^{1 2}	Staff travel expenses	660	(88)		572
Supplies and services ¹	Waste removal	1,372	(1)		1,371
Supplies and services ^{1 2}	Other supplies and services	8,353	(257)		8,096
Depreciation and amortisation expense ^{1 2}	Medical, surgical, dental and biomedical equipment	6,200	(2,426)		3,774
Depreciation and amortisation expense ^{1 2}	Other plant and equipment	459	(1)		458
Depreciation and amortisation expense ^{1 2}	Leasehold improvements	124	(7)		117
Grants and subsidies ³	Subsidies	674		(674)	-
Grants and subsidies ³	Funding to non-government	2,634		674	3,308
Other expenses ³	Bad and doubtful debts	5,493		(2,323)	3,170
Other expenses ²	Other	2,727	(874)		1,853
Revenue from fees and charges ^{2 3}	Patient and client fees	35,935	(1,009)	(2,323)	32,603
Revenue from fees and charges ²	Private practice fees	14,669	(9,950)		4,719
Revenue from fees and charges ^{1 2 3}	Recoveries	25,548	(1,799)	31	23,780
Revenue from fees and charges ³	Residential and other aged care charges	33		(31)	2

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note	Description	2014-15 (\$'000)	Prior Period Error (\$'000)	Prior period reclassificati on (\$'000)	2014-15 Restated Balance (\$'000)
Revenue from fees and charges ²	Other user charges and fees	4,547	(242)		4,305
Grants and contributions ²	Pharmaceutical Benefits Scheme Commonwealth subsidy	27,380	(27,380)		-
Grants and contributions ²	Private sector grants and contributions	4,032	(23)		4,009
Interest revenue ²	Interest on Special Purpose Funds (SPF)	215	(62)		153
Other revenue ²	Other	11,630	(110)		11,520
Revenue from SA Government ^{1 2}	Recurrent funding	863,214	(43,021)		820,193
Revenue from SA Government ^{1 2}	TVSP recovery funds from Department of Treasury and Finance	450	(370)		80
Cash and cash equivalents ³	Cash at bank or on hand - non-government financial institutions	38,258		(36,688)	1,570
Cash and cash equivalents ³	Deposits with Treasurer	-		36,688	36,688
Receivables Current ²	Workers compensation provision recoverable	2,031	(116)		1,915
Receivables Current ²	Debtors	4,614	(2)		4,612
Receivables Current ²	Sundry receivables and accrued revenue	8,025	(4,910)		3,115
Receivables Non-current ²	Workers compensation provision recoverable	3,223	(186)		3,037
Receivables Non-current ²	Debtors	102	(6)		96
Inventories ²	Drug supplies	4,072	(3,518)		554
Property, plant and equipment ²	Leasehold improvements at fair value	3,379	(85)		3,294
Property, plant and equipment ²	Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	50,910	(15,665)		35,245
Property, plant and equipment ²	Other plant and equipment at cost (deemed fair value)	9,827	(37)		9,790
Property, plant and equipment ²	Accumulated depreciation - medical, surgical, dental and biomedical	33,931	(8,159)		25,772
Property, plant and equipment ²	Accumulated depreciation - other plant and equipment	7,539	(33)		7,506
Property, plant and equipment ²	Accumulated amortisation - Leasehold improvements	1,440	(7)		1,433
Payables Current ^{1 2}	Staff on-costs	9,238	(343)		8,895
Payables Non-current ^{1 2}	Staff on-costs	4,932	(320)		4,612
Staff benefits Current ²	Annual leave	62,475	(2,456)		60,019
Staff benefits Current ^{1 2}	Long service leave	13,650	(801)		12,849
Staff benefits Current ²	Accrued salaries and wages	16,983	(526)		16,457
Staff benefits Current ^{1 2}	Skills and experience retention leave	4,084	(238)		3,846
Staff benefits Non-current ^{1 2}	Long service leave	93,532	(5,718)		87,814
Provisions Current ²	Provision for workers compensation	5,959	(326)		5,633
Provisions Non-current ²	Provision for workers compensation	12,176	(420)		11,756
Equity ²	Asset revaluation surplus	17,147	(1,290)		15,857
Equity ^{1 2}	Retained earnings	410,687	(3,888)		406,799

¹Child and Adolescent Mental Health and Women's Health

²SA Pharmacy and SA Medical Imaging

³Prior period reclassification

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

3 New and revised accounting standards and policies

Accounting Standards

Accounting Standards issued or amended but not yet effective

Except for AASB 2015-7 which the Hospital has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Hospital for the period ending 30 June 2016. The Hospital has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Hospital, except as outlined below.

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 16	<i>Leases</i>	This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.	1 January 2019	AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangement we have entered into at the time, this could see significant assets and liabilities being recognised and over the lease term amortised.	1 July 2019

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 and AASB 128]</i>	This amending standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a. A full gain or loss to be recognised when a transaction involves a business; and b. A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business.	1 January 2018	This standard will apply as the Hospital has an interest in Flinders Fertility. These amendments clarify the requirements in dealing with the sale of contributions of assets between an investor and its joint venture. When required the Hospital will recognise the correct portion of the gain or loss.	1 July 2018
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	This amending standard amends the effective date of application to 1 Jan 18.			
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]</i>	This amending standard provides clarity regarding disclosures in AASB 101. The standard clarifies that entities can use judgement when applying a standard in determining what information to disclose in financial statements.	1 January 2016	These amendments will have a minor impact on the financial report of the Hospital. As a result of the amending standard, the financial report may include some terminology changes eg 'summary of significant accounting policies' to 'significant accounting policies'; and possibly grouping or ordering of similar items in the notes. In addition, the standard clarifies that where some standards specify information that is required to be disclosed, these need not be provided if not material.	1 July 2016

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard	Impact on financial statements	Application date for the Hospital
AASB 2015-5	<i>Amendments to Australian Accounting Standards - Investment Entities: Applying the consolidation exception</i> [AASB 10, AASB 12, AASB 128]	This amending standard amends AASB 10, AASB 12 and AASB 128: a. To confirm that the exemption from preparing consolidated statements in AASB 10 is available to a parent entity that is a subsidiary of an investment entity; b. To clarify the applicability of AASB 12 to the financial statements of an investment entity; and c. To introduce relief in AASB-128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.	1 January 2016	This standard will have an impact on the Hospital. The Hospital will analyse the joint venture in another entity, based on the use of the new equity method in the future.	1 July 2016
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 and AASB 1049]	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 2016	The Hospital is a not-for-profit entity and accordingly the revised AASB 124 will apply. This revised standard will require the Hospital to include a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities.	1 July 2016

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

4 Staff benefit expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	537,909	508,827
TVSP (refer below)	58	80
Long service leave (LSL)	30,931	12,994
Annual leave	48,335	46,082
Skills and experience retention leave (SERL)	2,087	2,012
Staff on-costs - superannuation	55,919	54,259
Workers compensation	14,510	9,292
Board and committee fees	95	87
Other staff related expenses	2,654	2,519
Total staff benefit expenses	692,498	636,152

	2016	2015
	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated staff:		
TVSPs	58	80
Annual leave, LSL and SERL paid to those employees	30	37
	88	117

Recovery from the Department of Treasury and Finance *	-	80
Net cost to the Hospital	88	37

Number of staff who received a TVSP during the reporting period	1	1
---	---	---

*TVSP recoveries from DTF are to be recognised when the Hospital obtains control over the funds associated with the TVSP recovery or the right to receive the TVSP recovery from DTF. This will generally be upon receipt of the funds or obtaining written confirmation/substantiation from DTF that provides a right to receive the funds associated with the TVSP recovery.

Remuneration of staff

	2016	2015
	No.	No.
The number of staff whose remuneration received or receivable falls within the following bands:		
\$141,500 - \$145,000*	NA	33
\$145,001 - \$155,000	78	51
\$155,001 - \$165,000	54	38
\$165,001 - \$175,000	34	44
\$175,001 - \$185,000	23	23
\$185,001 - \$195,000	16	16
\$195,001 - \$205,000	9	12
\$205,001 - \$215,000	13	22
\$215,001 - \$225,000	20	16
\$225,001 - \$235,000	20	15
\$235,001 - \$245,000	18	16
\$245,001 - \$255,000	7	5
\$255,001 - \$265,000	6	8
\$265,001 - \$275,000	11	6
\$275,001 - \$285,000	7	8
\$285,001 - \$295,000	4	10
\$295,001 - \$305,000	9	11
\$305,001 - \$315,000	14	13
\$315,001 - \$325,000	13	10
\$325,001 - \$335,000	13	14
\$335,001 - \$345,000	7	14
\$345,001 - \$355,000	10	12
\$355,001 - \$365,000	9	13
\$365,001 - \$375,000	13	8
\$375,001 - \$385,000	23	7
\$385,001 - \$395,000	11	16

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	2016	2015
	No.	No.
\$395,001 - \$405,000	6	11
\$405,001 - \$415,000	11	16
\$415,001 - \$425,000	4	7
\$425,001 - \$435,000	13	8
\$435,001 - \$445,000	7	5
\$445,001 - \$455,000	8	6
\$455,001 - \$465,000	8	5
\$465,001 - \$475,000	7	4
\$475,001 - \$485,000	6	6
\$485,001 - \$495,000	3	5
\$495,001 - \$505,000	8	3
\$505,001 - \$515,000	2	2
\$515,001 - \$525,000	1	2
\$525,001 - \$535,000	3	1
\$535,001 - \$545,000	1	-
\$545,001 - \$555,000	1	-
\$555,001 - \$565,000	1	-
\$565,001 - \$575,000	-	-
\$605,001 - \$615,000	1	1
\$625,001 - \$635,000	-	-
Total	533	523

	\$'000	\$'000
Total remuneration received or due and receivable by staff included above:	144,453	137,918

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

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, superannuation contributions, FBT and any other salary sacrifice benefits.

Where staff have left the Hospital, the remuneration reflects lump sum long service leave, annual leave and termination benefits.

Staff whose remuneration was equal to or greater than the base executive remuneration level can be categorised by employment group as follows:

- Medical (excluding Nursing) remuneration \$138.811 million, 499 staff (\$133.877 million, 498 staff);
- Executive remuneration \$1.523 million, 7 staff (\$0.832 million, 4 staff);
- Nursing remuneration \$3.355 million, 22 staff (\$2.888 million, 19 staff);
- Non-medical (i.e. administration) remuneration \$0.764 million, 5 staff (\$0.321 million, 2 staff).

The total remuneration received by these staff for the year was \$144.453 million (\$137.918 million).

For the purpose of this note, remuneration does not include amounts in payment or reimbursement of out of pocket expenses incurred for the benefit of the entity or a controlled entity.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

5 Supplies and services

	2016	2015
	\$'000	\$'000
Administration	309	506
Advertising	2,227	1,834
Communication	1,278	1,193
Computing	8,635	8,716
Contractors	575	524
Contractors - agency staff	15,113	15,131
Consultants	87	117
Drug supplies	18,974	16,856
Electricity, gas and fuel	6,372	7,108
Fee for service	31,687	29,148
Food supplies	10,532	10,245
Housekeeping	11,248	10,208
Insurance	5,820	5,614
Internal SA Health SLA payments	7,459	11,646
Legal	197	168
Medical, surgical and laboratory supplies	74,368	70,117
Minor equipment	2,447	2,994
Motor vehicle expenses	2,213	1,654
Occupancy rent and rates	4,827	3,881
Patient transport	5,929	5,230
Payments to Shared Services SA	5,266	5,402
Periodical, journals and publications	168	211
Postage	994	1,032
Printing and stationery	2,128	2,164
Repairs and maintenance	12,919	16,574
Security	5,035	4,994
Staff training and development	9,640	7,957
Staff travel expenses	555	572
Waste removal	1,314	1,371
Other supplies and services	6,942	8,096
Total supplies and services	255,258	251,263

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2016 \$'000	No.	2015 \$'000
Above \$10,000	2	87	2	117
Total paid/payable to consultants engaged	2	87	2	117

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

6 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings and improvements	23,872	23,327
Site improvements	1,295	1,031
Computing equipment	-	2
Medical, surgical, dental and biomedical equipment	3,658	3,774
Motor vehicles	-	37
Power generation and transmission	70	55
Other plant and equipment	358	458
Total depreciation	29,253	28,684
Amortisation		
Leasehold improvements	250	117
Total amortisation	250	117
Total depreciation and amortisation	29,503	28,801

7 Grants and subsidies

	2016	2015
	\$'000	\$'000
Funding to non-government organisations	3,426	3,308
Other	46	51
Total grants and subsidies	3,472	3,359

8 Borrowing costs

	2016	2015
	\$'000	\$'000
Interest on borrowings	1,299	1,520
Total borrowing cost expenses	1,299	1,520

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$1.299 million (\$1.520 million).

9 Other expenses

	Note	2016	2015
		\$'000	\$'000
Bad and doubtful debts	20	(42)	3,170
Bank fees and charges		27	40
Donated assets expense		214	-
Impairment expense		47,299	-
Assets transferred to the Department		10,922	405
Other		951	1,853
Total other expenses		59,371	5,468

10 Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements		
Auditor fees - auditing financial statements	326	324
Total audit fees	326	324

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Other expenses - Other' (refer Note 9).

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

11 Revenue from fees and charges

	2016	2015
	\$'000	\$'000
Fines, fees and penalties	51	53
Insurance recoveries from health services	5	153
Patient and client fees	31,884	32,603
Private practice fees	4,225	4,719
Recoveries	19,826	23,780
Residential and other aged care charges	3	2
Sale of goods - medical supplies	564	469
Other user charges and fees	4,214	4,305
Total fees and charges	60,772	66,084

12 Grants and contributions

	2016	2015
	\$'000	\$'000
12.1 Commonwealth revenues/grants and contributions		
Commonwealth grants and donations	498	1,485
Total Commonwealth grants and contributions	498	1,485
12.2 Grants and contributions from SA Government agencies	\$'000	\$'000
Community development fund	-	144
Other grants and contributions from SA Government agencies	3,140	2,648
Total grants and contributions from SA Government agencies	3,140	2,792
12.3 Private sector grants and contributions	\$'000	\$'000
Private sector capital contributions	-	10
Private sector grants and contributions	3,661	4,009
Total private sector grants and contributions	3,661	4,019
Total grants and contributions	7,299	8,296

Restrictions on contributions received

Of the \$7,299 million received in 2015-16 (\$8,296 million) for grants and contributions, \$0.834 million (\$2.297 million) was provided for specific purposes, such as research and associated activities.

13 Interest revenue

	2016	2015
	\$'000	\$'000
Bank interest	5	164
Interest on Special Purpose Funds (SPF)	222	153
Total interest revenue	227	317

14 Resources received free of charge

	2016	2015
	\$'000	\$'000
Buildings	-	670
Plant and equipment	-	190
Total resources received free of charge	-	860

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

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

	2016	2015
	\$'000	\$'000
Land and buildings:		
Less net book value of assets disposed	(22)	(833)
Net gain/(loss) from disposal of land and buildings	(22)	(833)
Plant and equipment:		
Proceeds from disposal	37	1
Less net book value of assets disposed	(401)	(596)
Net gain/(loss) from disposal of plant and equipment	(364)	(595)
Intangibles:		
Less net book value of assets disposed	-	(37)
Net gain/(loss) from disposal of intangibles	-	(37)
Total assets:		
Total proceeds from disposal	37	1
Less total value of assets disposed	(423)	(1,466)
Total net gain/(loss) from disposal of non-current and other assets	(386)	(1,465)

16 Other revenue

	2016	2015
	\$'000	\$'000
Commissions revenue	37	33
Royalty income	7	-
Training revenue	16	5
Other	8,539	11,520
Total other revenue	8,599	11,558

17 Other income

	2016	2015
	\$'000	\$'000
Other	-	5,809
Total other income	-	5,809

18 Revenue from SA Government

	2016	2015
	\$'000	\$'000
Revenue from SA Government (DHA contributions for the provision of health services)		
Recurrent funding	831,954	820,193
Capital funding	49,928	9,209
TVSP recovery funds from Department of Treasury and Finance	-	80
Total revenue from Department for Health and Ageing	881,882	829,482

Total revenue from SA Government consist of \$831.954 million (\$820.273 million) for operational funding and \$49.928 million (\$9.209 million) for capital projects. For details on expenditure associated with the operational funding and capital funding received refer to the above expenditure notes.

There were no material variations between the amount received from the Department and the expenditure associated with these amounts.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

19 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	1,520	1,570
Deposits with Treasurer	29,585	36,688
Imprest account/cash on hand	151	190
Total cash	31,256	38,448

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is detailed in Note 32. The carrying amount of cash and cash equivalents represents fair value.

20 Receivables

	2016	2015
	\$'000	\$'000
Current		
Patient/client fees		
Compensable	3,457	5,989
Other	8,418	10,643
Workers compensation provision recoverable	3,350	1,915
Prepayments	3,667	3,250
Debtors	5,409	4,612
Receivables	24,301	26,409
Less: allowance for doubtful debts	(3,418)	(5,519)
Sundry receivables and accrued revenue	1,580	3,115
GST recoverable	254	199
Total current receivables	22,717	24,204
Non-current		
Workers compensation provision recoverable	2,358	3,037
Prepayments	1,912	2,207
Debtors	96	96
Receivables	4,366	5,340
Total non-current receivables	4,366	5,340
Total receivables	27,083	29,544

Interest rate and credit risk

Receivables are raised for goods and services provided for which payment has not been received. The Hospital's trading terms for receivables are generally 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, 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.

Categorisation and maturity analysis of financial instruments, ageing analysis of financial assets and risk exposure information

Refer to Note 32.

Bad and doubtful debts

The Hospital has recognised a bad and doubtful debt expense of -\$0.042 million (\$3.170 million) in the Statement of Comprehensive Income.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)	5,519	3,287
Carrying amount at the beginning of the period	5,519	3,287
Amounts written off	(1,297)	(1,359)
Amounts recovered during the year	-	(3)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	(804)	3,594
Carrying amount at the end of the period	3,418	5,519

Revision of accounting estimates

The provision for doubtful debts has previously been calculated using an assessment of collectability rates at a consolidated SA Health economic entity (group) level. In 2015-16 collectability rates specific to each public authority have been used, as it was decided such rates better reflect the credit risk applicable to each reporting entity comprising the group.

This has resulted in an increase of \$0.050 million in the amount of doubtful debts expense calculated on these receivables in the 2015-16 financial year relative to that which would have been expensed based on the previous estimation of doubtful debts expense.

21 Inventories

	2016	2015
	\$'000	\$'000
Current - held for distribution		
Drug supplies	555	554
Inventory imprest stock	2,090	1,967
Other	373	674
Total current inventories - held for distribution	3,018	3,195

22 Other financial assets

	2016	2015
	\$'000	\$'000
Non-current		
Other investments	2,698	2,294
Total non-current investments	2,698	2,294
Total investments	2,698	2,294

Categorisation and maturity analysis of other financial assets and risk exposure information

Refer to Note 32.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

23 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Site land at fair value	29,816	50,935
Land and buildings	29,816	50,935
Buildings and improvements at fair value	478,939	513,430
Site improvements at fair value	11,272	15,030
Buildings and improvements under construction (work in progress)	36,226	2,159
Buildings and improvements	526,437	530,619
Accumulated depreciation - buildings and improvements	27,168	2,094
Accumulated depreciation	27,168	2,094
Total land, buildings and improvements	529,085	579,460
Leasehold improvements		
Leasehold improvements at fair value	5,781	3,294
Accumulated amortisation	982	1,433
Total leasehold improvements	4,799	1,861
Plant and equipment		
Computing equipment at cost (deemed fair value)	605	605
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	34,417	35,245
Motor vehicles at cost (deemed fair value)	122	122
Power generation and transmission at cost (deemed fair value)	1,365	791
Other plant and equipment at cost (deemed fair value)	9,224	9,790
Plant and equipment under construction (work in progress)	831	1,465
Total plant and equipment	46,564	48,018
Accumulated depreciation - computing equipment	604	604
Accumulated depreciation - medical, surgical, dental and biomedical equipment	26,337	25,772
Accumulated depreciation - motor vehicles	122	122
Accumulated depreciation - power generation and transmission	150	80
Accumulated depreciation - other plant and equipment	7,385	7,506
Accumulated depreciation	34,598	34,084
Total plant and equipment	11,966	13,934
Total property, plant and equipment	545,850	595,255

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Australian Valuation Solutions Pty Ltd, as at 1 June 2015.

The valuer arrived at the fair value of unrestricted land 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.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; and the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

The Hospital's land, building and site improvement assets were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Australian Valuation Solutions Pty Ltd.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III Asset Accounting Framework. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Hospital's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

Impairment

Impairment losses were recognised for property, plant and equipment assets as follows:

	2016	2015
	\$'000	\$'000
Impairment of property, plant and equipment:		
Buildings and improvements	(47,299)	-
Total impairment of property, plant and equipment	(47,299)	-

Resources received free of charge

There were not any resources received free of charge during the reporting period (\$0.860 million).

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2015-16

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	50,935	526,366	1,861	2,159	581,321
Additions	-	-	-	47,369	47,369
Assets received free of charge	-	-	-	-	-
Disposals	(10,500)	(431)	(12)	-	(10,943)
Revaluation increment/(decrement)	(10,619)	-	-	-	(10,619)
Gain on revaluation	-	-	-	-	-
Impairment losses	-	(47,299)	-	-	(47,299)
Depreciation and amortisation	-	(25,167)	(250)	-	(25,417)
Transfers between asset classes	-	9,574	3,200	(13,302)	(528)
Carrying amount at the end of the period	29,816	463,043	4,799	36,226	533,884

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of land and improvements

The following table shows the movement of land and improvements during 2014-15

	Land	Buildings and improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	45,504	540,794	2,063	3,387	591,748
Prior period adjustments	-	-	(85)	-	(85)
Additions	-	20	-	3,064	3,084
Assets received free of charge	-	670	-	-	670
Disposals	(360)	(103)	-	(775)	(1,238)
Revaluation increment/(decrement)	5,791	-	-	-	5,791
Gain on revaluation	-	5,809	-	-	5,809
Impairment losses	-	-	-	-	-
Depreciation and amortisation	-	(24,358)	(117)	-	(24,475)
Transfers between asset classes	-	3,534	-	(3,517)	17
Carrying amount at the end of the period	50,935	526,366	1,861	2,159	581,321

Land includes land only holdings at fair value and site land at fair value

Buildings and improvements include buildings and improvements at fair value, buildings and improvements under finance lease and site improvements at fair value

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16

	Medical/surgical/dental/biomedical	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	9,473	1	1,465	2,995	13,934
Additions	1,485	-	685	35	2,205
Assets received free of charge	-	-	-	-	-
Disposals	(493)	-	-	(122)	(615)
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation and amortisation	(3,658)	-	-	(428)	(4,086)
Transfers between asset classes	1,273	-	(1,319)	574	528
Carrying amount at the end of the period	8,080	1	831	3,054	11,966

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2014-15

	Medical/ surgical/ dental/ biomedical \$'000	Computer equipment \$'000	Capital works in progress \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	18,870	6	983	3,247	23,106
Prior period adjustments	(9,932)	-	-	(5)	(9,937)
Additions	2,896	-	1,484	24	4,404
Assets received free of charge	190	-	-	-	190
Disposals	(528)	(3)	(47)	(18)	(596)
Revaluation increment/(decrement)	1,110	-	-	-	1,110
Depreciation and amortisation	(3,774)	(2)	-	(550)	(4,326)
Transfers between asset classes	641	-	(955)	297	(17)
Carrying amount at the end of the period	9,473	1	1,465	2,995	13,934

Other plant and equipment includes motor vehicles under finance lease, motor vehicles at cost, plant and equipment - major at cost, plant and equipment under finance lease, power generation and transmission and other plant and equipment at cost.

24 Intangible assets

	2016 \$'000	2015 \$'000
Computer Software		
Intangibles under construction (work in progress)	-	-
Total computer software	-	-
Total intangible assets	-	-

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Capital works in progress \$'000	Internally developed computer \$'000	Other computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	-	-	-	-	-
Carrying amount at the end of the period	-	-	-	-	-

Reconciliation of intangibles

The following table shows the movement of intangibles during 2014-15

	Capital works in progress \$'000	Internally developed computer \$'000	Other computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	37	-	-	-	37
Write-off non-current assets	(37)	-	-	-	(37)
Carrying amount at the end of the period	-	-	-	-	-

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

25 Fair Value Measurement

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 2016

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements		
Land (Note 23)	29,816	29,816
Buildings (Note 23)	463,043	463,043
Leasehold improvements (Note 23)	4,799	4,799
Plant and equipment (Note 23)	11,135	11,135
Total recurring fair value measurements	508,793	508,793
Total	508,793	508,793

Fair value measurements at 30 June 2015

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements		
Land (Note 23)	50,935	50,935
Buildings (Note 23)	526,366	526,366
Leasehold improvements (Note 23)	1,861	1,861
Plant and equipment (Note 23)	12,469	12,469
Total recurring fair value measurements	591,631	591,631
Total	591,631	591,631

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 23 and 24.

During 2016 and 2015, 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 2015-16. The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels and there were no changes in valuation technique.

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.

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.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Although there were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings have been classified as Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (Level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	50,935	528,227	12,469	591,631
Additions	-	-	1,520	1,520
Assets received free of charge	-	-	-	-
Disposals	(10,500)	(443)	(615)	(11,558)
Acquisition / (disposal) through transfers	-	12,774	1,847	14,621
Gains/(losses) for the period recognised in net result:				
- Revaluation increment/(decrement)	-	-	-	-
- Impairment losses/reversals	-	(47,299)	-	(47,299)
- Depreciation and amortisation	-	(25,417)	(4,086)	(29,503)
Total gains/(losses) recognised in net result	-	(72,716)	(4,086)	(76,802)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	(10,619)	-	-	(10,619)
Total gains/(losses) recognised OCI	(10,619)	-	-	(10,619)
Carrying amount at the end of the period	29,816	467,842	11,135	508,793

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Land \$'000	Buildings and site/ leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	45,504	542,857	22,123	610,484
Prior period adjustments	-	(85)	(9,937)	(10,022)
Additions	-	20	2,920	2,940
Assets received free of charge	-	670	190	860
Disposals	(360)	(103)	(549)	(1,012)
Acquisition / (disposal) through transfers	-	3,534	938	4,472
Gains/(losses) for the period recognised in net result:				
- Revaluation increment/(decrement)	-	5,809	-	5,809
- Impairment losses/reversals	-	-	-	-
- Depreciation and amortisation	-	(24,475)	(4,326)	(28,801)
Total gains/(losses) recognised in net result	-	(18,666)	(4,326)	(22,992)
Gains/(losses) for the period recognised in Other Comprehensive Income (OCI)				
- Revaluation increment/(decrement)	5,791	-	1,110	6,901
Total gains/(losses) recognised OCI	5,791	-	1,110	6,901
Carrying amount at the end of the period	50,935	528,227	12,469	591,631

Buildings and improvements includes leasehold improvements but excludes works in progress.

Plant and equipment includes computer, medical, surgical, dental, biomedical and other plant and equipment but excludes works in progress.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

26 Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors and accrued expenses	17,115	17,687
Paid Parental Leave Scheme payable	132	130
Staff on-costs	9,705	8,895
Total current payables	26,952	26,712
Non-current		
Staff on-costs	5,423	4,612
Other payables	193	197
Total non-current payables	5,616	4,809
Total payables	32,568	31,521

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the proportion of long service leave taken as leave has remained the same from the 2015 rate (51%) and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.16%) to 10.09%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an decrease in the employment on-cost of \$0.286 million and employee benefits expense of \$0.286 million. The estimated impact on 2017 and 2018 is \$0.298 million and \$0.309 million respectively.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Categorisation of financial instruments, maturity analysis of borrowings and risk exposure information

Refer to Note 32.

27 Borrowings

	2016	2015
	\$'000	\$'000
Current		
Loans	3,033	1,948
Total current borrowings	3,033	1,948
Non-current		
Loans	10,461	13,494
Total non-current borrowings	10,461	13,494
Total borrowings	13,494	15,442

Categorisation of financial instruments, maturity analysis of payables and risk exposure information

Refer to Note 32.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

28 Staff benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	61,519	60,019
Long service leave	14,352	12,849
Accrued salaries and wages	22,364	16,457
Skills and experience retention leave	4,635	3,846
Other	92	16
Total current staff benefits	102,962	93,187
Non-current		
Long service leave	107,748	87,814
Total non-current staff benefits	107,748	87,814
Total staff benefits	210,710	181,001

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. 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 decreased from 2015 (2.85%) to 2016 (1.90%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the change in the current financial year is an increase in the reported long service leave liability of \$8.518 million and staff benefits expense of \$8.956 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

As a result of the actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the salary inflation rate increased from 3.0% per annum in 2015 to 4.0% per annum in 2016. The net financial effect of the change in the current financial year is an increase in the reported long service leave liability of \$8.365 million and staff benefit expense of \$8.796 million. The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3% for annual leave and skills, experience and retention leave liability. As a result there was no net financial effect resulting from changes in the salary inflation rate.

29 Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for workers compensation	6,636	5,633
Total current provisions	6,636	5,633
Non-current		
Provision for workers compensation	17,662	11,756
Total non-current provisions	17,662	11,756
Total provisions	24,298	17,389

29.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	17,389	16,161
Increase in provisions recognised	10,324	3,371
Reductions arising from payments/other sacrifices of future economic benefits	(3,415)	(2,143)
Carrying amount at the end of the period	24,298	17,389

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

30 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unclaimed monies	227	466
Unearned revenue	445	185
Other	21	76
Total current other liabilities	693	727
Non-current		
Lease incentive	274	-
Total non-current other liabilities	274	-
Total other liabilities	967	727

31 Equity

	2016	2015
	\$'000	\$'000
Asset revaluation surplus	288	15,857
Retained earnings	327,580	406,799
Total equity	327,868	422,656

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.

32 Financial instruments / financial risk management

32.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and 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 is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

32.2 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 Note 2.

Refer to Table 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loans and receivables; and financial liabilities measured at cost.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 20 and 26).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 27).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 22).

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

32.3 Liquidity risk

Liquidity risk arises from the possibility that the Hospital is unable to meet its financial obligations as they fall due. The continued existence of the Hospital is dependent on State Government policy and on continued funding from the Department for the Hospital's administration and program delivery. The Hospital settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Hospital's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount recorded in Table 32.3 represent the Hospital's maximum exposure.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The following table discloses the carrying amount of each category of financial instrument held by the Hospital including the contractual maturity analysis for financial assets and liabilities (i.e. liquidity risk).

Table 32.3 Categorisation and maturity analysis of financial assets and liabilities

	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	31,256	31,256	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	15,403	15,403	-	-	-
Held to maturity investments						
Other financial assets	22	2,698	-	-	2,698	-
Total financial assets		49,357	46,659	-	2,698	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	16,982	16,789	-	193	-
Borrowings	27	13,494	-	3,033	10,461	-
Other liabilities	30	522	522	-	-	-
Total financial liabilities		30,998	17,311	3,033	10,654	-
	Notes	Carrying amount/ Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and equivalent						
Cash and cash equivalents	19, 36	38,448	38,448	-	-	-
Loans and receivables						
Receivables ^{(1) (2)}	20	18,799	18,799	-	-	-
Held to maturity investments						
Other financial assets	22	2,294	-	-	2,294	-
Total financial assets		59,541	57,247	-	2,294	-
Financial liabilities						
Financial liabilities at cost						
Payables ⁽¹⁾	26	17,560	17,363	-	197	-
Borrowings	27	15,442	-	1,948	13,494	-
Other liabilities	30	542	542	-	-	-
Total financial liabilities		33,544	17,905	1,948	13,691	-

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

- ⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements 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 (not materially different from amortised cost).
- ⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 20 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

Credit risk arises when there is the possibility of the Hospital's debtors defaulting on their contractual obligations resulting in financial loss to the Hospital. The Hospital measures credit risk on a fair value basis and monitors risk on a regular basis.

The Hospital has minimal concentration of credit risk. The Hospital does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 20 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in Table 32.3 represents the Hospital's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 32.4 Aging analysis of financial assets

2016	Past due but not impaired					Impaired financial assets
	Carrying amount	Not past due and not impaired	Overdue for < 30 days	Overdue for 30 - 60 days	Overdue > 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	31,256	31,256	-	-	-	-
Receivables ⁽¹⁾	15,403	5,199	3,428	1,166	5,610	3,418
Other financial assets	2,698	2,698	-	-	-	-
	49,357	39,153	3,428	1,166	5,610	3,418
2015						
Cash and cash equivalents	38,448	38,448	-	-	-	-
Receivables ⁽¹⁾	18,799	7,057	4,386	2,019	5,337	5,519
Other financial assets	2,294	2,294	-	-	-	-
	59,541	47,799	4,386	2,019	5,337	5,519

- ⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

32.5 Market risk

Market risk for the Hospital is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. Any exposure to foreign currency risks is managed by SAFA.

32.6 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Hospital as it has been determined that the possible impact on comprehensive income or total equity from fluctuations in interest rates is immaterial.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

33 Unrecognised contractual commitments

33.1 Operating lease revenue commitments

	2016	2015
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets in the financial statements, are receivable as follows:		
Within one year	605	669
Later than one year but not longer than five years	1,162	1,115
Later than five years	506	406
Total operating lease revenue commitments	2,273	2,190

33.2 Operating lease expenditure commitments

	2016	2015
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	2,018	1,890
Later than one year but not longer than five years	6,759	4,380
Later than five years	42,773	36,423
Total operating lease commitments	51,550	42,693
Representing:		
Non-cancellable operating leases	51,550	42,693
Total operating lease commitments	51,550	42,693

The Hospital's operating lease expenses are for office accommodation and car parking. Office accommodation and car parking are leased from a variety of organisations. The leases are non-cancellable with various terms, some leases having the right of renewal. Rent is payable in arrears.

33.3 Expenditure commitments

Capital commitments	2016	2015
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statement, are payable as follows:	\$'000	\$'000
Within one year	-	479
Total capital commitments	-	479
Expenditure commitments	2016	2015
Other expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statements, are payable as follows:	\$'000	\$'000
Within one year	33,460	24,016
Later than one year but not longer than five years	17,311	16,347
Total other commitments	50,771	40,363

The Hospital expenditure commitments are for agreements for goods and services ordered but not received.

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 2016 has not been quantified.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

34 Transferred functions

Transferred in

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the LHNs and SAAS.

2014-15

- Following a review of Departmental functions, effective 1 June 2015, the Chief Executive of the Department approved the transfer of Financial Business Advisory and Hospital based Revenue Services employees within Finance to the LHNs and SAAS.

Assets and liabilities transferred to the Hospital were:

	2016	2015
	\$'000	\$'000
Payables	82	41
Staff benefits	1,079	759
Total liabilities	1,161	800
Total net assets transferred	(1,161)	(800)

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.

Transferred out

2015-16

- There were no transfers out during this period.

2014-15

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 4 August 2014, inventory associated with the Flinders Medical Centre (FMC), were transferred to the Distribution Centre Division of the Department. Effective 16 February 2015, inventory associated with Noarlunga Health Services (NHS) and Repatriation General Hospital (RGH) were transferred to the Distribution Centre Division of the Department.

Assets and liabilities transferred from the Hospital were:

	2016	2015
	\$'000	\$'000
Inventory stock	-	1,253
Total assets	-	1,253
Total net assets transferred	-	1,253

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

35 Contingent assets and liabilities

The Hospital is not aware of any contingent assets or liabilities.

Guarantees

The Hospital has made no guarantees.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

36 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	31,256	38,448
Cash as per Statement of Financial Position	31,256	38,448
Balance as per the Statement of Cash Flows	31,256	38,448
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	12,054	27,009
Department for Health and Ageing contributions for the provision of health services	(881,882)	(829,482)
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(29,503)	(28,801)
Impairment of non-current assets	(47,299)	-
Gain/loss on sale or disposal of non-current assets	(386)	(1,465)
Increments/decrements on revaluation of non-current assets	-	5,809
Assets transferred to the Department	(10,921)	(405)
Assets acquired at no cost or nominal consideration	-	860
Donated assets expense	(214)	-
Assets acquired from the Department capital program	32,239	2,247
Recognition of investments	404	2,294
Movement in assets and liabilities		
Increase (decrease) in receivables	(2,461)	(3,676)
Increase (decrease) in inventories	(177)	(3,822)
(Increase) decrease in staff benefits	(28,630)	(1,666)
(Increase) decrease in payables and provisions	(7,874)	(2,957)
(Increase) decrease in other liabilities	(240)	(1,049)
Net cost of providing services	(964,890)	(835,104)

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

37 Interests in other entities

Equity accounted investment

Long Entity Name: Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility

Ownership interest: 50%

Disclosure:

Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility is the only joint arrangement in which the Hospital participates.

Flinders Fertility is a private fertility clinic based within Flinders Medical Centre in Bedford Park, South Australia. Flinders Fertility is structured as a private trust which is not a reporting entity and is not publicly listed. The Hospital and Flinders University each have a 50% beneficial entitlement to the net assets of the trust. Accordingly, the interest is classified as a joint venture with the investment measured using the equity accounting method.

Profit earned during the financial year is distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. It has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business. The following table summarises the financial information of Flinders Fertility based on currently available information:

	2016	2015
Percentage ownership interest	50%	50%
	\$'000	\$'000
Current assets	5,316	5,109
Non-current assets	1,036	674
Current liabilities	(6,232)	(5,783)
Non-current liabilities	(120)	-
Net assets	-	-
Groups share of net assets (50%)		
Share of beneficial entitlement	2,698	2,294
Carrying amount of interest in joint	2,698	2,294
Revenue	5,174	4,535
Expenses	(4,365)	(4,243)
Profit and total comprehensive income	809	292
Entity's share of profit and total comprehensive income (50%)	404	146

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

38 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4 Staff benefit expenses	2,677	2,793	689,821	633,359	692,498	636,152
Salaries and wages	-	-	537,909	508,827	537,909	508,827
TVSP (refer below)	-	-	58	80	58	80
Long service leave (LSL)	-	-	30,931	12,994	30,931	12,994
Annual leave	-	-	48,335	46,082	48,335	46,082
Skills and experience retention leave (SERL)	-	-	2,087	2,012	2,087	2,012
Staff on-costs - superannuation	-	-	55,919	54,259	55,919	54,259
Workers compensation	-	-	14,510	9,292	14,510	9,292
Board and committee fees	-	-	95	87	95	87
Other staff related expenses	2,677	2,793	(23)	(274)	2,654	2,519
5 Supplies and services	97,422	96,106	157,836	155,157	255,258	251,263
Administration	13	18	296	488	309	506
Advertising	103	128	2,124	1,706	2,227	1,834
Communication	171	70	1,107	1,123	1,278	1,193
Computing	7,897	8,009	738	707	8,635	8,716
Contractors	3	-	572	524	575	524
Contractors - agency staff	5,423	6,355	9,690	8,776	15,113	15,131
Consultants	-	-	87	117	87	117
Drug supplies	482	258	18,492	16,598	18,974	16,856
Electricity, gas and fuel	19	-	6,353	7,108	6,372	7,108
Fee for service	237	204	31,450	28,944	31,687	29,148
Food supplies	368	297	10,164	9,948	10,532	10,245
Housekeeping	1,485	782	9,763	9,426	11,248	10,208
Insurance	5,820	5,614	-	-	5,820	5,614
Internal SA Health SLA payments	7,459	11,646	-	-	7,459	11,646
Legal	157	131	40	37	197	168
Medical, surgical and laboratory	38,738	34,436	35,630	35,681	74,368	70,117
Minor equipment	669	727	1,778	2,267	2,447	2,994
Motor vehicle expenses	1,412	1,365	801	289	2,213	1,654
Occupancy rent and rates	2,050	567	2,777	3,314	4,827	3,881
Patient transport	5,191	4,274	738	956	5,929	5,230
Payments to Shared Services SA	5,266	5,402	-	-	5,266	5,402
Periodical, journals and publications	1	-	167	211	168	211
Postage	7	-	987	1,032	994	1,032
Printing and stationery	633	319	1,495	1,845	2,128	2,164
Repairs and maintenance	12,919	13,033	-	3,541	12,919	16,574
Security	406	428	4,629	4,566	5,035	4,994
Staff training and development	6	97	9,634	7,860	9,640	7,957
Staff travel expenses	1	6	554	566	555	572
Waste removal	-	-	1,314	1,371	1,314	1,371
Other supplies and services	486	1,940	6,456	6,156	6,942	8,096

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 Depreciation and amortisation expense	-	-	29,503	28,801	29,503	28,801
Buildings and improvements	-	-	23,872	23,327	23,872	23,327
Site improvements	-	-	1,295	1,031	1,295	1,031
Computing equipment	-	-	-	2	-	2
Medical, surgical, dental and biomedical equipment	-	-	3,658	3,774	3,658	3,774
Motor vehicles	-	-	-	37	-	37
Power generation and transmission	-	-	70	55	70	55
Other plant and equipment	-	-	358	458	358	458
Leasehold improvements	-	-	250	117	250	117
7 Grants and subsidies	46	51	3,426	3,308	3,472	3,359
Funding to non-government organisations	-	-	3,426	3,308	3,426	3,308
Other	46	51	-	-	46	51
8 Borrowing costs	1,299	1,520	-	-	1,299	1,520
Finance charges on finance leases	-	-	-	-	-	-
Interest on borrowings	1,299	1,520	-	-	1,299	1,520
15 Net gain/(loss) from disposal of non-current and other assets	-	-	386	1,465	386	1,465
Total proceeds from disposal	-	-	(37)	(1)	(37)	(1)
Less total value of assets disposed	-	-	423	1,466	423	1,466
9 Other expenses	59,110	1,122	(65)	4,022	59,045	5,144
Bad and doubtful debts	-	-	(42)	3,170	(42)	3,170
Donated assets expense	214	-	-	-	214	-
Bank fees and charges	-	-	27	40	27	40
Impairment expense	47,299	-	-	-	47,299	-
Assets transferred to the Department	10,922	405	-	-	10,922	405
Other (excluding audit fees)	675	717	(50)	812	625	1,529
10 Auditor's remuneration	326	324	-	-	326	324
Auditor fees - auditing financial statements	326	324	-	-	326	324
TOTAL EXPENSES	160,880	101,916	880,907	826,112	1,041,787	928,028
INCOME						
11 Revenue from fees and charges	10,068	13,247	50,704	52,837	60,772	66,084
Fines, fees and penalties	-	-	51	53	51	53
Insurance recoveries from health services	5	153	-	-	5	153
Patient and client fees	-	-	31,884	32,603	31,884	32,603
Private practice fees	-	-	4,225	4,719	4,225	4,719
Recoveries	9,927	12,866	9,899	10,914	19,826	23,780
Residential and other aged care charges	-	-	3	2	3	2
Sale of goods - medical supplies	55	46	509	423	564	469
Other user charges and fees	81	182	4,133	4,123	4,214	4,305
12 Grants and contributions	3,140	2,792	4,159	5,504	7,299	8,296
Commonwealth grants and donations	-	-	498	1,485	498	1,485
Community development fund	-	144	-	-	-	144
Other grants and contributions from SA Government agencies	3,140	2,648	-	-	3,140	2,648
Private sector capital contributions	-	-	-	10	-	10
Private sector grants and contributions	-	-	3,661	4,009	3,661	4,009

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
13 Interest revenue	222	153	5	164	227	317
Bank interest	-	-	5	164	5	164
Interest on Special Purpose Funds (SPF)	222	153	-	-	222	153
14 Resources received free of charge	-	-	-	860	-	860
Plant and equipment	-	-	-	190	-	190
Buildings	-	-	-	670	-	670
16 Other revenue	1,621	1,559	6,978	9,999	8,599	11,558
Commissions revenue	-	-	37	33	37	33
Royalty income	-	-	7	-	7	-
Training revenue	16	2	-	3	16	5
Other	1,605	1,557	6,934	9,963	8,539	11,520
17 Other income	-	-	-	5,809	-	5,809
Other	-	-	-	5,809	-	5,809
18 Revenue from SA Government	881,882	829,482	-	-	881,882	829,482
Recurrent funding	831,954	820,193	-	-	831,954	820,193
Capital funding	49,928	9,209	-	-	49,928	9,209
TVSP recovery funds from Department of Treasury and Finance	-	80	-	-	-	80
TOTAL INCOME	896,933	847,233	61,846	75,173	958,779	922,406
FINANCIAL ASSETS						
19 Cash and cash equivalents	29,585	36,688	1,671	1,760	31,256	38,448
Cash at bank or on hand - non-government financial institutions	-	-	1,520	1,570	1,520	1,570
Deposits with Treasurer	29,585	36,688	-	-	29,585	36,688
Imprest account/cash on hand	-	-	151	190	151	190
20 Receivables	5,747	5,021	21,336	24,523	27,083	29,544
Patient/client fees						
Compensable	-	-	3,457	5,989	3,457	5,989
Other	-	-	8,418	10,643	8,418	10,643
Workers compensation provision recoverable	5,708	4,952	-	-	5,708	4,952
Prepayments	-	-	5,579	5,457	5,579	5,457
Debtors	39	69	5,466	4,639	5,505	4,708
Less: allowance for doubtful debts	-	-	(3,418)	(5,519)	(3,418)	(5,519)
Sundry receivables and accrued revenue	-	-	1,580	3,115	1,580	3,115
GST recoverable	-	-	254	199	254	199
22 Other financial assets	-	-	2,698	2,294	2,698	2,294
Other investments	-	-	2,698	2,294	2,698	2,294
TOTAL FINANCIAL ASSETS	35,332	41,709	25,705	28,577	61,037	70,286
FINANCIAL LIABILITIES						
26 Payables	2,768	1,197	29,800	30,324	32,568	31,521
Creditors and accrued expenses	2,768	1,197	14,347	16,490	17,115	17,687
Paid Parental Leave Scheme payable	-	-	132	130	132	130
Staff on-costs	-	-	15,128	13,507	15,128	13,507
Other payables	-	-	193	197	193	197
27 Borrowings	13,494	15,442	-	-	13,494	15,442
Loans	13,494	15,442	-	-	13,494	15,442
30 Other liabilities	-	-	967	727	967	727
Unclaimed monies	-	-	227	466	227	466
Unearned revenue	-	-	445	185	445	185
Lease incentive	-	-	274	-	274	-
Other	-	-	21	76	21	76
TOTAL FINANCIAL LIABILITIES	16,262	16,639	30,767	31,051	47,029	47,690

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

39 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year were:

Consumer Administration Liaison Meeting (CALM)

Ball J *	Mannion J * (resigned 21/06/2016)	Strachan J
Bower T (resigned 01/07/2015)	Morrison T	Tapley D
Buer S	Rootsey L *	Wooden M
Dal Bello C	Salmon J *	Wright D

Partnering with Consumer Advisory Group

Baddok R * (resigned 01/07/2015)	Keller N *	Morris D *
Bishop R (resigned 01/07/2015)	Kerrins E * (appointed 01/01/2015)	Pettigrew R * (resigned 01/01/2016)
Bower T * (resigned 10/08/2015)	Kimber M *	Sturman G *
Bryne J * (appointed 01/01/2015)	Klinge N	Van Male E (appointed 01/09/2015)
Buer S (appointed 01/09/2015)	Lemmer C * (appointed 01/01/2015)	Voss D
Coppin B *	Mannion J * (resigned 21/06/2016)	Whyman N *
Dame T	McDonald J *	Wilson T * (Chair)
Dixon K *	Miller S * (resigned 15/12/2015)	Woon S *
Hoiles J (appointed 01/01/2015)	Milne A	

Recovery College Steering Committee

(this is a new committee and all members were appointed on 01/03/16)

Ball J *	Longford M *	Ryan J *
Brown B *	Mannion J *	Smith B *
Buer S	McMillan J *	Strachan J *
Ellis J *	Page B	Winfield U *
Forbes L *	Penberthy V	
Keller N *	Rootsey L * (Chair)	

Southern Adelaide Clinical Human Research Ethics Committee

(previously reported as Human Research Ethics Committee)

Benjamin S	Hinton-Humphries G	Richards B (Chair)
Bradshaw A	Kichenadasse G *	Victory N
Campbell G Major	Porter T	Were L *
Gordon D Dr * (resigned 01/02/2016)		

Southern Adelaide Local Health Network Audit & Risk Management Committee

Dreckow J	Stubbs T (Chair)
Hislop R	Taylor M

Southern Adelaide Local Health Network Clinical Council

Agzarian M *	Hedde B *	O'Connor J *
Aylward P *	Keller N *	Padbury R *
Bastiampillai T *	Lawrence D *	Ramsay G *
Battersby M *	Lillie P *	Sturman G *
Bersten A *	Mannion J *	Whitehead C *
Bishop R	McDonald J *	Wilson T *
Blyth A *	Moen D *	Woon S *
Chaplin S *	Morris D *	
Eaton V *	Morton S * (Chair)	
Fernando H	Moyes B *	

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Southern Adelaide Local Health Network Health Advisory Council Incorporated

Bersten A Dr *	Kerrins E	Wilson B
Bishop R	Taylor A	
Hislop R	Williams H (Chair)	

Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group
(this is a new committee and all members were appointed on 01/10/15)

Ainsley J	Oko J
Antony P	Oko R
Morrison T * (Chair)	Shepherd K

Southern Mental Health Clinical Governance Committee

Bower T	Mannion J * (Chair)
Hayes B	Quirk M *

*These members did not receive any remuneration for attending board/committee meetings.

	2016	2015
	No. of	No. of
	Members	Members
The number of members whose remuneration received or receivable falls within the following bands:		
\$0	59	47
\$1 - \$9,999	29	31
\$10,000 - \$19,999	1	2
\$20,000 - \$29,999	1	-
Total	90	80

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$94,500 (\$86,900).

* In accordance with the *Department of 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.

40 Events after the reporting period

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

41 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Hospital's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

The Woolshed is a smoke-free therapeutic community for people who have abused alcohol and/or other drugs. Located near Strathalbyn, the 28-hectare property provides a supportive drug-free rural environment with a structured program for personal growth and behavioural change.

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.

**Schedule of administered expenses and Income
for the year ended 30 June 2016**

	Private Practice Arrange- ments	The Woolshed	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Administered expenses			
Other expenses	24,433	482	24,915
Total administered expenses	24,433	482	24,915
Administered income			
Revenues from fees and charges	22,914	-	22,914
Other revenues	-	485	485
Total administered income	22,914	485	23,399
Net result	(1,519)	3	(1,516)

	Private Practice Arrange- ments	The Woolshed	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Administered expenses			
Other expenses	25,933	463	26,396
Total administered expenses	25,933	463	26,396
Administered income			
Revenues from fees and charges	27,640	-	27,640
Other revenues	-	459	459
Total administered income	27,640	459	28,099
Net result	1,707	(4)	1,703

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

**Schedule of administered assets and liabilities
as at 30 June 2016**

	Private Practice Arrange- ments	The Woolshed	Total
	2016	2016	2016
	\$'000	\$'000	\$'000
Administered current assets			
Cash and cash equivalents	2,220	21	2,241
Receivables	1,792	5	1,797
Total administered assets	4,012	26	4,038
Administered current liabilities			
Other current provisions/liabilities	21	-	21
Total administered liabilities	21	-	21
Net administered assets	3,991	26	4,017

	Private Practice Arrange- ments	The Woolshed	Total
	2015	2015	2015
	\$'000	\$'000	\$'000
Administered current assets			
Cash and cash equivalents	3,185	15	3,200
Receivables	2,351	8	2,359
Total administered assets	5,536	23	5,559
Administered current liabilities			
Other current provisions/liabilities	26	-	26
Total administered liabilities	26	-	26
Net administered assets	5,510	23	5,533

**Schedule of administered changes in equity
for the year ended 30 June 2016**

	Private Practice Arrange- ments	The Woolshed	Total
	2016	2016	2016
	\$'000	\$'000	\$'000
Balance at the beginning of the reporting period	5,510	23	5,533
Net result	(1,519)	3	(1,516)
Balance at the end of the reporting period	3,991	26	4,017

	Private Practice Arrange- ments	The Woolshed	Total
	2015	2015	2015
	\$'000	\$'000	\$'000
Balance at the beginning of the reporting period	3,803	27	3,830
Net result	1,707	(4)	1,703
Balance at the end of the reporting period	5,510	23	5,533

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Schedule of Administered Cash Flows
for the year ended 30 June 2016

	Private Practice Arrange- ments	The Woolshed	Total
	2016 \$'000	2016 \$'000	2016 \$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges	23,473	-	23,473
Other revenue	-	488	488
Total cash inflows	23,473	488	23,961
Cash outflows			
Other payments	24,438	482	24,920
Total cash outflows	24,438	482	24,920
Net cash inflows/cash outflows from operating activities	(965)	6	(959)
Net increase / (decrease) in cash held	(965)	6	(959)
Cash at the beginning of the reporting period	3,185	15	3,200
Cash at the end of the reporting period	2,220	21	2,241

	Private Practice Arrange- ments	The Woolshed	Total
	2015 \$'000	2015 \$'000	2015 \$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges	27,002	-	27,002
Other revenue	-	457	457
Total cash inflows	27,002	457	27,459
Cash outflows			
Other payments	26,330	489	26,819
Total cash outflows	26,330	489	26,819
Net cash inflows/cash outflows from operating activities	672	(32)	640
Net increase / (decrease) in cash held	672	(32)	640
Cash at the beginning of the reporting period	2,513	47	2,560
Cash at the end of the reporting period	3,185	15	3,200

Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of the Government in accordance with government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

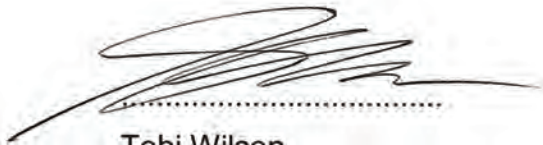
Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

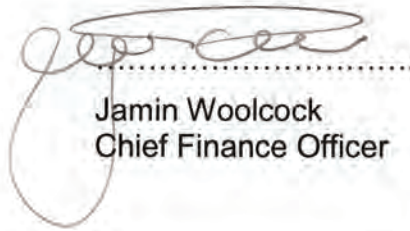
Certification of the financial statements

We certify that the:

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



Tobi Wilson
A/Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date 16/9/2016



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

**To the Chief Executive Officer
Southern Adelaide Local Health Network Incorporated**

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 accompanying financial report of the Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Acting Chief Executive Officer and the Chief Finance Officer.

The Chief Executive Officer's responsibility 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 the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on SA Health's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Southern Adelaide Local Health Network Incorporated as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

22 September 2016