

Department for Health and Wellbeing

Financial report
for the year ended
30 June 2018



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To the Chief Executive Department for Health and Wellbeing

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Health and Wellbeing and the consolidated entity comprising the Department for Health and Wellbeing and its controlled entities for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Health and Wellbeing and its controlled entities as at 30 June 2018, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Acting Chief Finance Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department for Health and Wellbeing and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

21 September 2018

Certification of the financial statements

We certify that the:

- financial statements of the Department for Health and Wellbeing:
 - 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 Wellbeing over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Christopher McGowan
Chief Executive



Danny De Cesare
Acting Chief Finance Officer

Date 17/9/13.....

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Expenses					
Employee benefits expenses	3	3,915,604	3,643,237	188,804	189,855
Supplies and services	4	1,914,955	1,736,082	513,844	479,347
Depreciation and amortisation expense	21,22	256,201	174,682	16,292	16,221
Grants and subsidies	5	42,897	39,199	5,027,564	4,403,396
Borrowing costs	6	263,186	15,106	760	1,059
Net loss from disposal of non-current and other assets	12	2,261	22,397	-	2,212
Other expenses	7	106,319	104,044	26,539	36,436
Total expenses		6,501,423	5,734,747	5,773,803	5,128,526
Income					
Revenues from fees and charges	8	588,538	592,498	343,716	360,208
Grants and contributions	9	1,768,798	1,709,031	1,427,958	1,350,022
Interest revenues	10	6,864	7,924	3,234	4,715
Resources received free of charge	11	49,865	26,484	22,486	23,616
Net gain from disposal of non-current and other assets	12	-	-	356	-
Other revenues/income	13	65,055	69,784	3,055	2,911
Total income		2,479,120	2,405,721	1,800,805	1,741,472
Net cost of providing services		4,022,303	3,329,026	3,972,998	3,387,054
Revenues from SA Government					
Revenues from SA Government	14	3,986,313	3,400,798	3,986,313	3,400,798
Total revenues from SA Government		3,986,313	3,400,798	3,986,313	3,400,798
Net result		(35,990)	71,772	13,315	13,744
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		348,785	(5,980)	(2,746)	-
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains or losses recognised directly in equity		2,218	39,946	-	-
Total other comprehensive income		351,003	33,966	(2,746)	-
Total comprehensive result		315,013	105,738	10,569	13,744

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	15	587,298	469,727	292,602	286,243
Receivables	16	309,078	303,981	173,569	170,200
Other financial assets	17	102,333	102,504	-	-
Inventories	18	47,995	51,599	16,053	20,999
Other assets		26	13	-	-
		1,046,730	927,824	482,224	477,442
Non-current assets classified as held for sale	19	506	18,519	506	2,594
Total current assets		1,047,236	946,343	482,730	480,036
Non-current assets					
Receivables	16	5,223	4,337	3,430	8,059
Other financial assets	17	6,088	5,999	-	-
Property, plant and equipment	21	6,042,101	5,725,336	49,853	55,298
Investment property	21	21,582	21,567	-	-
Intangible assets	22	117,606	138,336	59,081	68,312
Total non-current assets		6,192,600	5,895,575	112,364	131,669
Total assets		7,239,836	6,841,918	595,094	611,705
Current liabilities					
Payables	24	328,866	347,424	128,361	168,069
Borrowings	25	68,469	38,316	3,908	3,546
Employee benefits	26	533,059	489,189	23,204	24,517
Provisions	27	37,729	47,524	14,971	15,090
Other liabilities	28	86,958	74,928	512	461
Total current liabilities		1,055,081	997,381	170,956	211,683
Non-current liabilities					
Payables	24	25,212	28,570	19,038	13,321
Borrowings	25	2,712,733	2,770,301	3,007	6,915
Employee benefits	26	674,964	632,064	32,452	33,570
Provisions	27	189,789	146,062	105,052	91,739
Other liabilities	28	4,550	5,046	1,543	2,000
Total non-current liabilities		3,607,248	3,582,043	161,092	147,545
Total liabilities		4,662,329	4,579,424	332,048	359,228
Net assets		2,577,507	2,262,494	263,046	252,477
Equity					
Contributed capital		1,700,853	1,700,853	1,700,853	1,700,853
Asset revaluation surplus		607,377	271,797	31,163	35,401
Other reserves		46,114	43,896	-	-
Retained earnings		223,163	245,948	(1,468,970)	(1,483,777)
Total equity		2,577,507	2,262,494	263,046	252,477
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	29				
Contingent assets and liabilities	30				

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

CONSOLIDATED

	Note	Asset			Retained earnings \$'000	Total equity \$'000
		Contributed capital \$'000	revaluation surplus \$'000	Other reserves \$'000		
Balance at 30 June 2016		1,643,898	278,246	8,705	168,952	2,099,801
Net result for 2016-17		-	-	-	71,772	71,772
Gain/(loss) on revaluation of land and buildings	21	-	(5,980)	-	-	(5,980)
Gain/(loss) on revaluation of other financial assets		-	-	53	-	53
Gain/(loss) on revaluation of defined benefit fund liability		-	-	39,893	-	39,893
Total comprehensive result for 2016-17		-	(5,980)	39,946	71,772	105,738
Transfer between equity components		-	(469)	(4,755)	5,224	-
Transactions with SA Government as owner						
Equity contributions received		56,955	-	-	-	56,955
Balance at 30 June 2017		1,700,853	271,797	43,896	245,948	2,262,494
Net result for 2017-18		-	-	-	(35,990)	(35,990)
Gain/(loss) on revaluation of land and buildings	19,21	-	346,381	-	-	346,381
Gain/(loss) on revaluation of plant and equipment	21	-	2,404	-	-	2,404
Gain/(loss) on revaluation of other financial assets		-	-	127	-	127
Gain/(loss) on revaluation of defined benefit fund liability		-	-	2,091	-	2,091
Total comprehensive result for 2017-18		-	348,785	2,218	(35,990)	315,013
Transfer between equity components		-	(13,205)	-	13,205	-
Balance at 30 June 2018		1,700,853	607,377	46,114	223,163	2,577,507

PARENT

	Note	Asset			Retained earnings \$'000	Total equity \$'000
		Contributed capital \$'000	revaluation surplus \$'000	Other reserves \$'000		
Balance at 30 June 2016		1,643,898	35,401	-	(1,497,521)	181,778
Net result for 2016-17		-	-	-	13,744	13,744
Total comprehensive result for 2016-17		-	-	-	13,744	13,744
Transactions with SA Government as owner						
Equity contributions received		56,955	-	-	-	56,955
Balance at 30 June 2017		1,700,853	35,401	-	(1,483,777)	252,477
Net result for 2017-18		-	-	-	13,315	13,315
Gain/(loss) on revaluation of land and buildings	21	-	(2,746)	-	-	(2,746)
Total comprehensive result for 2017-18		-	(2,746)	-	13,315	10,569
Transfer between equity components		-	(1,492)	-	1,492	-
Balance at 30 June 2018		1,700,853	31,163	-	(1,468,970)	263,046

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash outflows					
Employee benefits payments		(3,803,628)	(3,646,495)	(193,748)	(191,861)
Payments for supplies and services		(2,067,217)	(1,922,221)	(558,006)	(522,508)
Payments of grants and subsidies		(60,175)	(60,625)	(4,806,037)	(4,176,730)
Interest paid		(252,285)	(2,914)	(760)	(1,059)
Residential aged care bonds refunded		(14,698)	(16,299)	-	-
Other payments		(56,653)	(42,901)	(4,072)	(13,281)
Cash used in operations		(6,254,656)	(5,691,455)	(5,562,623)	(4,905,439)
Cash inflows					
Fees and charges		606,676	583,380	104,334	113,443
Grants and contributions		1,780,307	1,726,949	1,427,742	1,350,022
Interest received		4,624	6,301	2,568	3,736
Residential aged care bonds received		24,008	23,717	-	-
GST recovered from ATO		168,683	152,120	47,096	58,974
Other receipts		72,389	79,956	2,823	3,351
Cash generated from operations		2,656,687	2,572,423	1,584,563	1,529,526
Cash flows from SA Government					
Receipts from SA Government		3,986,313	3,400,798	3,986,313	3,400,798
Cash generated from SA Government		3,986,313	3,400,798	3,986,313	3,400,798
Net cash provided by operating activities		388,344	281,766	8,253	24,885
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(231,616)	(303,988)	(2,464)	(9,738)
Purchase of intangibles		(4,955)	(14,958)	(1,993)	(3,967)
Purchase of investments		(4,713)	(17,561)	-	-
Cash used in investing activities		(241,284)	(336,507)	(4,457)	(13,705)
Cash inflows					
Proceeds from sale of property, plant and equipment		2,669	35,597	1,730	35,043
Proceeds from sale/maturities of investments		6,014	8,678	-	-
Cash generated from investing activities		8,683	44,275	1,730	35,043
Net cash provided by/(used in) investing activities		(232,601)	(292,232)	(2,727)	21,338
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(34,770)	(3,320)	-	-
Repayment of borrowings		(3,546)	(3,033)	(3,546)	(3,032)
Cash used in financing activities		(38,316)	(6,353)	(3,546)	(3,032)
Cash inflows					
Capital contributions from government		-	56,955	-	56,955
Proceeds from borrowings		144	-	4,379	3,823
Cash generated from financing activities		144	56,955	4,379	60,778
Net cash provided by/(used in) financing activities		(38,172)	50,602	833	57,746

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net increase/(decrease) in cash and cash equivalents		117,571	40,136	6,359	103,969
Cash and cash equivalents at the beginning of the period		469,727	429,591	286,243	182,274
Cash and cash equivalents at the end of the period	15	587,298	469,727	292,602	286,243
Non-cash transactions	34				

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. Basis of financial statements

1.1 Reporting entity

The Consolidated Entity – SA Health

The Consolidated Entity known as SA Health, consists of the following controlled entities:

- The Department for Health and Wellbeing (Parent);
- Central Adelaide Local Health Network Incorporated (includes the subsidiary Medvet Science Pty Ltd (Medvet));
- Country Health SA Local Health Network Incorporated (includes the Health Advisory Councils (HACs));
- Northern Adelaide Local Health Network Incorporated;
- Southern Adelaide Local Health Network Incorporated;
- Women's and Children's Health Network Incorporated; and
- SA Ambulance Service Inc (includes SA Ambulance Development Fund).

Refer to note 32 for information on the Consolidated Entity's joint arrangements (ventures and operations) and structured entity.

The Consolidated Entity operates within the *Public Sector Act 2009* and the *Health Care Act 2008*.

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the Consolidated Entity have been eliminated in full.

The Department for Health and Wellbeing (the Department) – Parent 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.

Administered items

The Department has administered activities and resources. Transactions and balances relating to administered resources are not recognised as Departmental controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Department's overall financial performance and position, they are disclosed in the Schedule of Administered Financial Statements following the 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 the Department and Consolidated Entity transactions.

1.2 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*.

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.

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

The Consolidated Entity did not voluntarily change any of its accounting policies during 2017-18.

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

Significant accounting policies are set out throughout the notes.

1.4 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 DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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

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

1.5 Continuity of operations

As at 30 June 2018, the Consolidated Entity had a working capital deficiency of \$7.845 million (\$51.038 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Consolidated Entity to enable it to perform its functions.

1.6 Equity

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

Other reserves includes Branch Reserves, Country Capital Reserves, Defined Benefit Fund Remeasurement and investment revaluation reserve to record unrealised gains or losses on available for sale investments.

2. Objectives and activities

2.1 Objectives of the Department for Health and Wellbeing

SA Health is the brand name for the health portfolio of services and agencies (i.e. Consolidated Entity) responsible to the Minister for Health and Wellbeing.

SA Health is committed to protecting and improving the health of all South Australians by providing leadership in health reform, public health services, health and medical research, policy development and planning, with an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Department (i.e. Parent Entity) assists the Minister for Health and Wellbeing to set the policy framework and strategic direction for SA Health.

The Department supports the delivery of public health services, formulates health policy, facilitates public and consumer consultation on health issues, and monitors the performance of South Australia's health system by providing timely advice, research and administrative support.

There are three divisions within the Department:

- Finance and Corporate Services;
- System Performance and Service Delivery; and
- Transforming Health.

2.2 Activities of the Consolidated Entity

In achieving its objectives, the Consolidated Entity provides a range of goods and services classified into the following activities:

Policy, Clinical Services, System Transformation and Administration

Responsible for health policy and promotion, clinical services and administration associated with the provision of health services across South Australia.

This Activity largely reflects the activities of the Department itself (refer to Parent column on the face of the Statements and also the notes accompanying the Statements).

Health Services

The provision of hospital-based tertiary care and other acute services as well as rehabilitation, mental health and other community health services within the metropolitan and country areas, the provision of grants to non-government organisations for the provision of health services, and responsibility for Aboriginal controlled primary health services in Ceduna, Port Augusta and surrounding areas.

This Activity largely reflects the activities of the Local Health Networks (LHNs) and SA Ambulance Service (SAAS), refer to the Consolidated Entity column less the Parent column on the face of the Statements and the notes accompanying the Statements.

Accordingly, additional disaggregated disclosure schedules by major class of income, expense, asset and liability have not been included in the financial statements, as information can be reliably determined from the face of the Statements and the notes accompanying the Statements. It is noted that there are minor and immaterial variances between the two Activities due to inter-entity eliminations upon consolidation, with the exceptions of supplies and services and grants (expenditure), fees and charges (income), inter-entity loans receivable (asset) and workers compensation payable (liability) - refer to notes 4, 5, 8, 16 and 24 respectively for further information.

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

3. Employee benefits expenses

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	3,095,211	2,943,378	134,924	136,035
Targeted Voluntary Separation Packages (refer below)	12,380	2,527	1,588	672
Long Service Leave	105,061	51,871	3,144	3,555
Annual leave	299,702	282,532	12,632	12,679
Skills and Experience Retention Leave	14,007	13,921	721	794
Employment on-costs - superannuation*	323,383	305,196	15,759	15,787
Employment on-costs - other	6,067	6,202	5,727	5,923
Workers compensation**	47,672	23,016	4,718	3,665
Board and committee fees	736	703	248	219
Other employee related expenses	11,385	13,891	9,343	10,526
Total employee benefits expenses	3,915,604	3,643,237	188,804	189,855

* The superannuation employment on-cost charge represents the Consolidated Entity's contribution to superannuation plans in respect of current services of employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements except for SAAS staff who are members of the SAAS defined benefit scheme.

Expenses recognised in profit and loss for the Consolidated Entity in respect of the SAAS defined benefit scheme was \$9.595 million (\$11.963 million), comprising current service cost of \$9.070 million (\$10.955 million) and interest cost of \$0.525 million (\$1.008 million).

** 2018 workers compensation expenditure includes statutory workers compensation obligations under the *Return to Work Act 2014* of \$32.758 million (Parent: \$4.667 million, including \$5.053 million self-insurer fee charged by ReturnToWorkSA) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards \$14.914 million (Parent: \$0.051 million). Refer to note 27 for further information.

3.1 Targeted voluntary separation packages (TVSP)

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Amount paid to separated employees:				
Targeted Voluntary Separation Packages	12,380	2,527	1,588	672
Leave paid to those employees	3,659	1,269	679	370
	16,039	3,796	2,267	1,042
Recovery from the Department of Treasury and Finance (DTF)	9,868	-	237	-
Net cost to the entity	6,171	3,796	2,030	1,042
The number of employees who received a TVSP during the reporting period	199	32	20	9

3.2 Key Management Personnel

Key management personnel (KMP) of the Consolidated Entity includes the Minister*, the Chief Executive* and the two Deputy Chief Executives* of the Department and the six Chief Executive Officers of the Local Health Networks and SA Ambulance Service who have responsibility for the strategic direction and management of the Consolidated Entity.

The compensation detailed below excludes salaries and other benefits received by the Minister for Health and Wellbeing. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of South Australia, respectively, and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

* are also key management personnel of the Department.

Compensation	2018	2017
	\$'000	\$'000
Salaries and other short term employee benefits	3,024	3,994
Post-employment benefits	599	708
Other long-term employment benefits	85	-
Termination benefits	177	579
Total	3,885	5,281

For those employees acting long term in KMP roles, only compensation for the period that they were acting is included.

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3.3 Remuneration of employees

	Consolidated		Parent	
	2018 Number	2017 Number	2018 Number	2017 Number
The number of employees whose remuneration received or receivable falls within the following bands:				
\$147,000 - \$149,000*	n/a	97	n/a	3
\$149,001 - \$159,000	466	494	18	21
\$159,001 - \$169,000	365	370	10	7
\$169,001 - \$179,000	290	254	6	6
\$179,001 - \$189,000	222	191	2	2
\$189,001 - \$199,000	166	145	3	2
\$199,001 - \$209,000	132	134	6	2
\$209,001 - \$219,000	118	107	2	1
\$219,001 - \$229,000	89	84	-	1
\$229,001 - \$239,000	80	84	1	4
\$239,001 - \$249,000	56	74	3	5
\$249,001 - \$259,000	65	49	6	1
\$259,001 - \$269,000	63	39	3	2
\$269,001 - \$279,000	46	46	1	2
\$279,001 - \$289,000	42	53	2	2
\$289,001 - \$299,000	38	42	1	2
\$299,001 - \$309,000	39	44	3	4
\$309,001 - \$319,000	30	46	-	-
\$319,001 - \$329,000	41	50	1	2
\$329,001 - \$339,000	54	57	-	1
\$339,001 - \$349,000	46	40	-	1
\$349,001 - \$359,000	40	44	-	1
\$359,001 - \$369,000	36	44	1	1
\$369,001 - \$379,000	56	51	2	1
\$379,001 - \$389,000	44	38	2	-
\$389,001 - \$399,000	44	34	1	-
\$399,001 - \$409,000	44	48	1	-
\$409,001 - \$419,000	43	34	-	-
\$419,001 - \$429,000	45	35	-	1
\$429,001 - \$439,000	25	32	-	1
\$439,001 - \$449,000	36	35	-	-
\$449,001 - \$459,000	41	24	-	-
\$459,001 - \$469,000	23	35	-	-
\$469,001 - \$479,000	26	27	-	-
\$479,001 - \$489,000	23	18	-	1
\$489,001 - \$499,000	19	22	-	-
\$499,001 - \$509,000	23	19	-	-
\$509,001 - \$519,000	25	26	-	-
\$519,001 - \$529,000	19	19	-	-
\$529,001 - \$539,000	19	12	-	1
\$539,001 - \$549,000	19	14	-	-
\$549,001 - \$559,000	14	13	-	1
\$559,001 - \$569,000	13	6	-	-
\$569,001 - \$579,000	11	8	1	-
\$579,001 - \$589,000	10	19	-	-
\$589,001 - \$599,000	10	9	-	-
\$599,001 - \$609,000	10	7	-	-
\$609,001 - \$619,000	12	8	-	-
\$619,001 - \$629,000	6	5	-	-
\$629,001 - \$639,000	7	4	-	-
\$639,001 - \$649,000	5	10	-	-
\$649,001 - \$659,000	7	4	-	-
\$659,001 - \$669,000	2	2	-	-
\$669,001 - \$679,000	5	4	-	-
\$679,001 - \$689,000	2	1	-	-
\$689,001 - \$699,000	6	-	-	-
\$699,001 - \$709,000	3	1	-	-
\$709,001 - \$719,000	-	1	-	-
\$719,001 - \$729,000	3	2	-	-
\$729,001 - \$739,000	2	1	-	-
\$739,001 - \$749,000	-	1	-	-
\$749,001 - \$759,000	1	1	-	-

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	Consolidated		Parent	
	2018 Number	2017 Number	2018 Number	2017 Number
The number of employees whose remuneration received or receivable falls within the following bands:				
\$769,001 - \$779,000	1	1	-	-
\$779,001 - \$789,000	1	1	-	-
\$819,001 - \$829,000	1	1	1	-
\$829,001 - \$839,000	1	-	-	-
\$899,001 - \$909,000	1	-	-	-
\$959,001 - \$969,000	-	1	-	-
Total number of employees	3,232	3,222	77	79

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2016-17.

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, termination payments, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

3.4 Remuneration of employees by classification

The total remuneration received by these employees, included above:

	Consolidated				Parent			
	2018		2017		2018		2017	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	104	23,951	107	25,502	36	9,245	37	9,138
Non-Medical / Administration	136	24,286	136	24,062	25	4,501	31	5,605
Medical, Nursing and Operational	2,992	812,589	2,979	786,367	16	4,006	11	3,468
Total	3,232	860,826	3,222	835,931	77	17,752	79	18,211

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4. Supplies and services

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Administration	12,205	11,914	1,659	1,737
Advertising	6,777	6,328	2,685	2,992
Communication	26,662	24,751	14,076	13,291
Computing	109,096	81,814	97,493	75,185
Consultants	6,004	18,112	4,303	14,448
Contract of services	132,409	123,734	105,461	99,657
Contractors	22,914	28,812	4,365	4,431
Contractors - agency staff	99,389	68,547	22,910	23,600
Cost of goods sold	2,756	2,501	100,534	96,283
Drug supplies	225,502	249,658	1,345	1,206
Electricity, gas and fuel	54,486	34,639	143	102
Fee for service	169,143	137,275	-	-
Finance lease contingent rentals	2,462	2,393	-	-
Food supplies	31,767	34,450	60	72
Housekeeping	82,864	92,330	434	101
Insurance	54,849	30,678	52,695	28,493
Interstate patient transfers	37,140	45,345	37,119	45,306
Legal	8,660	10,000	5,992	4,040
Medical, surgical and laboratory supplies	308,606	297,699	66	134
Minor equipment	27,591	32,509	3,542	7,499
Motor vehicle expenses	13,590	14,280	484	569
Occupancy rent and rates	51,062	49,778	14,131	14,611
Patient transport	29,948	28,436	-	11
Services from Shared Services SA	26,748	32,006	2,028	2,706
Postage	17,862	14,448	2,526	2,319
Printing and stationery	19,031	17,595	1,465	1,458
PPP operating expenses	61,786	1,580	-	-
Rental expense on operating lease	11,833	10,614	414	316
Repairs and maintenance	99,817	94,485	21,437	19,925
Security	34,221	26,809	458	563
Employee training and development	43,159	34,826	4,020	3,659
Employee travel expenses	13,869	16,769	1,069	1,005
Other supplies and services	70,747	60,967	10,930	13,628
Total supplies and services	1,914,955	1,736,082	513,844	479,347

Due to inter-entity eliminations upon consolidation, supplies and services of \$11.326 million (\$12.167 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 2.2 for further information.

Operating Leases

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

Consultancies

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

	Consolidated				Parent			
	2018		2017		2018		2017	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	19	99	14	76	4	18	3	19
Above \$10,000	38	5,905	67	18,036	19	4,285	26	14,429
Total paid/payable to consultants engaged	57	6,004	81	18,112	23	4,303	29	14,448

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5. Grants and subsidies

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Recurrent grants		-	19	-	-
Capital grants		-	14	-	-
Recurrent funding to incorporated Health Services	5.1	-	-	4,699,940	4,024,171
Capital funding to incorporated Health Services	5.1	-	-	295,690	350,605
Subsidies		6,930	5,370	6,831	5,077
Funding to non-government organisations		30,373	28,328	19,545	18,378
Other		5,594	5,468	5,558	5,165
Total grants and subsidies		42,897	39,199	5,027,564	4,403,396

5.1 Funding by the Department (Parent) to incorporated Health Services

	Recurrent		Capital	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
SA Ambulance Service Incorporated	137,313	130,231	27,730	19,218
Country Health SA Local Health Network Incorporated	651,526	604,221	9,950	14,009
Southern Adelaide Local Health Network Incorporated	942,284	868,446	53,907	146,429
Central Adelaide Local Health Network Incorporated	1,944,474	1,495,756	188,562	141,081
Women's and Children's Health Network Incorporated	405,062	377,862	7,451	5,893
Northern Adelaide Local Health Network Incorporated	619,281	547,655	8,090	23,975
Total funding to incorporated Health Services	4,699,940	4,024,171	295,690	350,605

Due to inter-entity eliminations upon consolidation, grants and subsidies of \$4,995.819 million (\$4,374.776 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 2.2 for further information.

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

6. Borrowing costs

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Finance lease costs	262,427	14,047	-	-
Interest paid/payable on borrowings	745	1,046	745	1,046
Other finance charges	14	13	15	13
Total borrowing costs	263,186	15,106	760	1,059

The total borrowing costs from financial liabilities not at fair value through profit and loss was \$263.186 million (\$15.106 million).

Included in finance lease costs is \$260.791 million (\$12.192 million) which relates to the Public Private Partnership (PPP) agreement for the Royal Adelaide Hospital, which is net of a reduction in contingent rental amounts of \$5.168 million (2017: nil)

7. Other expenses

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	16	15,680	25,560	40	(116)
Bank fees and charges		302	309	10	62
Donated assets expense		15,022	-	-	694
Donated drug vaccine expense		22,935	29,521	22,935	29,521
Impairment expense	21	13,837	26,747	-	-
Loss on revaluation of property, plant and equipment		17,617	-	-	-
Net loss on revaluation of investments		1,210	3	-	-
Royalty payments		9,831	10,998	-	-
Other*		9,885	10,906	3,554	6,275
Total other expenses		106,319	104,044	26,539	36,436

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* Includes audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$2.555 million (\$2.553 million). No other services were provided by the Auditor-General's Department. Other expenses paid or payable to Galpins Accountants, Auditors and Business Consultants were \$0.288 million (\$0.228 million) for other audit services.

Donated assets expense

Donated assets expense includes transfer of property, plant and equipment and intangible assets and is recorded as expenditure at their fair value. The Consolidated Entity provided various anti-viral and highly specialised drugs to health providers to distribute free of charge to the South Australian community.

8. Revenues from fees and charges

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Ambulance cover	26,953	24,679	-	-
Ambulance transport	66,998	67,486	-	-
Business services	1,325	895	1,325	895
Call Direct	1,156	1,195	-	-
Fines, fees and penalties	1,262	1,400	1,135	1,180
Insurance recoveries	261	300	34,342	34,256
Interstate patient transfers	72,072	86,407	72,072	86,407
Patient and client fees	261,774	250,707	20,097	19,565
Private practice fees	46,065	46,996	2,534	2,747
Recoveries	34,568	36,045	110,129	116,363
Residential and other aged care charges	26,968	27,628	-	-
Sale of goods - medical supplies	2,074	2,276	100,708	96,521
Other user charges and fees	47,062	46,484	1,374	2,274
Total revenues from fees and charges	588,538	592,498	343,716	360,208

Due to inter-entity eliminations upon consolidation, revenue from fees and charges of \$245.553 million (\$247.667 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 2.2 for further information.

9. Grants and contributions

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Commonwealth aged care subsidies	73,088	75,414	-	-
Pharmaceutical Benefits Scheme Commonwealth subsidy	157,918	181,540	-	-
Commonwealth National Health Reform Agreement	1,335,323	1,252,731	1,335,323	1,252,731
Department of Veterans' Affairs (Commonwealth)	43,052	49,003	43,052	49,003
Commonwealth Transition Care Program	23,819	23,184	23,819	23,184
Other Commonwealth grants and contributions	70,094	64,464	16,792	16,486
SA Government Community Development Fund	7,000	7,000	7,000	7,000
SA Government capital contributions	-	145	-	145
Other SA Government grants and contributions	20,679	21,646	696	537
Private sector capital contributions	626	174	-	-
Private sector grants and contributions	37,199	33,730	1,276	936
Total grants and contributions	1,768,798	1,709,031	1,427,958	1,350,022

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.

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

Of the \$1,768.798 million (\$1,709.031 million) received during the reporting period \$1,580.189 million (\$1,494.547 million) was provided for specific purposes, including State and Commonwealth Health initiatives-Health reforms, research and other associated activities.

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10. Interest revenues

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Bank interest	4,985	6,081	2,432	3,577
Interest from SAFA	25	24	-	-
Interest on loans	-	-	802	1,132
Interest on Special Purpose Funds	1,854	1,813	-	-
Other	-	6	-	6
Total interest revenues	6,864	7,924	3,234	4,715

11. Resources received free of charge

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land and buildings	2,326	-	-	1,276
Plant and equipment	672	4,112	-	-
Inventory	20,872	22,340	20,872	22,340
Services	25,995	-	1,614	-
Other	-	32	-	-
Total resources received free of charge	49,865	26,484	22,486	23,616

Resources received free of charge includes property, plant and equipment and immunisation drugs recorded at their fair value.

The Consolidated Entity receives Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging. 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.

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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	213	307	-	-
Less net book value of assets disposed	(672)	(19,419)	-	-
Less other costs of disposal	(10)	(228)	-	-
Net gain/(loss) from disposal of land and buildings	(469)	(19,340)	-	-
Plant and equipment:				
Proceeds from disposal	992	455	-	-
Less net book value of assets disposed	(2,879)	(1,286)	(56)	(4)
Less other costs of disposal	(255)	(12)	-	-
Net gain/(loss) from disposal of plant and equipment	(2,142)	(843)	(56)	(4)
Intangibles:				
Proceeds from disposal	-	-	-	-
Less net book value of assets disposed	(61)	(6)	-	-
Net gain/(loss) from disposal of intangibles	(61)	(6)	-	-
Non-current assets held for sale:				
Proceeds from disposal	1,748	35,178	1,748	35,146
Less net book value of assets disposed	(1,318)	(37,283)	(1,318)	(37,251)
Less other costs of disposal	(19)	(103)	(18)	(103)
Net gain/(loss) from disposal of non-current assets held for sale	411	(2,208)	412	(2,208)
Total assets:				
Total proceeds from disposal	2,953	35,940	1,748	35,146
Less total value of assets disposed	(4,930)	(57,994)	(1,374)	(37,255)
Less other costs of disposal	(284)	(343)	(18)	(103)
Total net gain/(loss) from disposal of assets	(2,261)	(22,397)	356	(2,212)

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

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13. Other revenues/income

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	231	177	16	20
Dividend revenue	274	274	-	-
Royalty income	15,540	17,193	-	-
Training revenue	1,451	1,046	559	339
Donations	13,303	13,621	30	-
Gain on revaluation of investment property	15	2,888	-	-
Car parking revenue	11,583	10,894	55	74
Other	22,658	23,691	2,395	2,478
Total other revenues/income	65,055	69,784	3,055	2,911

14. Revenues from SA Government

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Revenues from SA Government				
Contingency funds from Department of Treasury and Finance	105,217	47,075	105,217	47,075
TVSP recovery funds from Department of Treasury and Finance	9,868	-	9,868	-
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	3,851,857	3,335,341	3,851,857	3,335,341
Commonwealth capital grants received via Treasury	-	500	-	500
Commonwealth recurrent grants received via Treasury	19,371	17,882	19,371	17,882
Total revenues from SA Government	3,986,313	3,400,798	3,986,313	3,400,798

The Department is the administrative unit of the Consolidated Entity and as such receives all appropriation from DTF. The Department provides recurrent and capital funding under a service level agreement 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 liability. 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.

15. Cash and cash equivalents

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand: non-government financial institutions	71,034	226,992	43,169	199,768
Deposits with Treasurer	516,106	242,501	249,433	86,475
Imprest account/cash on hand	158	234	-	-
Total cash	587,298	469,727	292,602	286,243

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

Deposits with the Treasurer

The Consolidated Entity has three deposit accounts with the Treasurer: a general operating account, an Accrual Appropriation Excess Funds account and a special purpose funds account. Although the Consolidated Entity controls the money in the Accrual Appropriation Account, its use must be approved by the Treasurer. The Consolidated Entity earns interest on the special purpose funds account.

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16. Receivables

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current					
Patient/client fees: compensable		8,926	9,436	1,684	1,600
Patient/client fees: aged care		3,621	3,774	-	-
Patient/client fees: other		54,678	59,077	-	-
Debtors		57,960	66,128	1,842	6,940
Less: allowance for doubtful debts	16.1	(31,309)	(36,358)	(259)	(243)
Interstate patient transfers		129,051	128,197	129,051	128,197
Prepayments		25,874	24,645	13,803	12,869
Loans	16.2	-	144	4,621	4,375
Dividends		29	31	-	-
Interest		732	682	154	233
Grants		847	16	723	-
Sundry receivables and accrued revenue		32,561	28,448	209	211
GST input tax recoverable		26,108	19,761	21,741	16,018
Total current receivables		309,078	303,981	173,569	170,200
Non-Current					
Debtors		1,792	450	5	9
Prepayments		1,656	1,765	-	-
Loans	16.2	-	-	3,425	8,050
GST input tax recoverable		1,775	2,122	-	-
Total non-current receivables		5,223	4,337	3,430	8,059
Total receivables		314,301	308,318	176,999	178,259

16.1 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 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	36,358	34,212	243	421
Amounts written off	(19,119)	(19,257)	(15)	(41)
Amounts recovered during the year	-	(18)	-	-
Increase/(Decrease) in allowance recognised in profit or loss	14,070	21,421	31	(137)
Carrying amount at the end of the period	31,309	36,358	259	243

The Consolidated Entity has recognised a bad and doubtful debt expense of \$1 5.680 million (\$25.560 million).

16.2 Reconciliation of loans receivable by the Parent and related movements

	Health Services		Back-to-Back	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	12,425	16,248	10,461	13,494
Principal repayments	(4,379)	(3,823)	(3,546)	(3,033)
Balance at 30 June	8,046	12,425	6,915	10,461

As at 30 June 2018 the Department has financed two Health Services with loans of \$1.131 million (\$1.964 million) for aged care housing and \$6.915 million (\$10.461 million) for the Flinders Medical Centre (FMC) carpark from departmental funds with a back-to-back loan arrangement with DTF for the FMC carpark loan.

Due to inter-entity eliminations upon consolidation, loans receivables of \$8.046 million (\$12.425 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 2.2 for further information.

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16.3 Interest rate and credit risk

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 after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

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. 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.

Refer to note 36 for further information on risk management.

17. Other financial assets

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits	95,773	92,939	-	-
Other investments	6,560	9,565	-	-
Total current financial assets	102,333	102,504	-	-
Non-current				
Term deposits	1,618	1,618	-	-
Other investments	4,470	4,381	-	-
Total non-current financial assets	6,088	5,999	-	-
Total financial assets	108,421	108,503	-	-

The Consolidated Entity measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

Other investments

Also included in non-current other investments is the Consolidated Entity's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility, which 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. Refer to note 32 for further information on interests in other entities.

Refer to note 36 for further information on risk management.

18. Inventories

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Drug supplies	21,696	23,436	7,226	9,069
Medical, surgical and laboratory supplies	2,501	2,641	-	-
Food and hotel supplies	567	553	-	-
Engineering supplies	29	36	-	-
SA Health Distribution Centre and bulk warehouses	8,827	11,930	8,827	11,930
Inventory imprest stock	13,421	12,112	-	-
Other	954	891	-	-
Total current inventories - held for distribution	47,995	51,599	16,053	20,999

Inventories are held for distribution at no or nominal consideration and are measured at the lower of average weighted cost and replacement cost.

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

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19. Non-current assets classified as held for sale

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land	218	4,441	218	1,868
Buildings and improvements	288	14,078	288	726
Total non-current assets classified as held for sale	506	18,519	506	2,594

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.

During 2017-18 a decrement of \$0.770 million was recognised in other comprehensive income to reflect the agreed sale price for land and buildings held for sale.

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

20.1 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 value equal to or in excess of \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

20.2 Depreciation and amortisation

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.

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.

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

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.

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements including under finance lease	10 – 200
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 – 25
• Computing equipment	3 – 5
• Vehicles	2 – 25
• Other plant and equipment	3 – 50
• Under finance lease	Life of lease
Intangibles	5 – 30

20.3 Revaluation

All non-current tangible assets are valued at fair value (written down cost).

The Consolidated Entity revalues all land, buildings and site improvements triennially via a Certified Practising Valuer. A triennial revaluation of other non-current assets by a Certified Practising 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.

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Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value.

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.

20.4 Impairment

The Consolidated Entity holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. 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.

There were no indications of impairment of intangibles or investment properties as at 30 June 2018.

Impairment Events

Following the release of the Expression of Interest for Reactivating the Repat Health Precinct in 2018, certain buildings were identified that could potentially be demolished depending on the proposal adopted. As a consequence it was deemed appropriate that these buildings be impaired to nil value.

In September 2017, Cabinet approved a submission from the Minister for Housing and Urban Development for the transfer of a number of properties within the old Royal Adelaide Hospital (old RAH) site to the Urban Renewal Authority at nil consideration. These properties had been specifically excluded from the footprint of properties previously impaired at the old RAH site, and have been impaired to nil value as the carrying amount of the assets exceeds the amount recoverable on disposal to the Urban Renewal Authority.

20.5 Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets are 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.

20.6 Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in March and April 2018 by Certified Practising Valuers from Jones Lang Lasalle (SA) Pty Ltd and AssetVal (JLT) Pty Ltd as at 1 June 2018.

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 acquisitions/transfer costs.

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20.7 Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisitions less than \$1 million have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework*. The carrying values of these items are deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

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 2018, based on independent valuations performed by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd.

20.8 Valuation of investment property

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

An independent valuation was performed on the investment property at Unit 1, 27 Kermode St North Adelaide by a Certified Practising Valuer from AssetVal (JLT) Pty Ltd, as at 30 June 2018. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties.

The valuation of investment property located at Dalgleish St, Thebarton was performed by a Certified Practising Valuer from Knight Frank Valuations, as at June 2017. 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 a recent market transaction for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

Amounts recognised in profit or loss

The Consolidated Entity recognised rental income from investment property during the period of \$2.320 million (\$2.345 million).

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21. Reconciliation of property, plant and equipment and investment property

The following tables show the movement:

Consolidated

2017-18

	Land and buildings:				Plant and equipment:							Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000		
Carrying amount at the beginning of the period	347,021	2,081,063	2,550,955	194,918	39,549	92,969	36,228	258,249	124,384	21,567	5,746,903	
Additions	-	107	-	136,102	-	15,842	2,272	-	74,568	-	228,891	
Assets received free of charge	-	2,326	-	-	-	650	22	-	-	-	2,998	
Disposals	(28)	(187)	-	(293)	(164)	(1,689)	(754)	-	(436)	-	(3,551)	
Donated assets disposal	(3,050)	(11,972)	-	-	-	-	-	-	-	-	(15,022)	
Transfers between asset classes	-	223,179	59,342	(282,414)	4,436	134,578	43,633	-	(179,681)	-	3,073	
Reclassified from held for sale	2,572	13,353	-	-	-	-	-	-	-	-	15,925	
Subtotal:	346,515	2,307,869	2,610,297	48,313	43,821	242,350	81,401	258,249	18,835	21,567	5,979,217	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(112,990)	(38,160)	-	(3,317)	(50,454)	(21,329)	(7,400)	-	-	(233,650)	
Revaluation increment / (decrement)	(17,617)	-	-	-	-	-	-	-	-	15	(17,602)	
Impairment (losses) / reversals	-	(13,837)	-	-	-	-	-	-	-	-	(13,837)	
Subtotal:	(17,617)	(126,827)	(38,160)	-	(3,317)	(50,454)	(21,329)	(7,400)	-	15	(265,089)	
Gains/(losses) for the period recognised in other comprehensive income: **												
Revaluation increment / (decrement)	15,230	331,921	-	-	-	2,404	-	-	-	-	349,555	
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-	-	-	
Subtotal:	15,230	331,921	-	-	-	2,404	-	-	-	-	349,555	
Carrying amount at the end of the period*	344,128	2,512,963	2,572,137	48,313	40,504	194,300	60,072	250,849	18,835	21,582	6,063,683	
Gross carrying amount												
Gross carrying amount	344,128	2,525,646	2,610,297	48,313	63,710	409,320	161,083	258,249	18,835	21,582	6,461,163	
Accumulated depreciation / amortisation	-	(12,683)	(38,160)	-	(23,206)	(215,020)	(101,011)	(7,400)	-	-	(397,480)	
Carrying amount at the end of the period	344,128	2,512,963	2,572,137	48,313	40,504	194,300	60,072	250,849	18,835	21,582	6,063,683	

* Included in carrying amount at the end of the period is buildings under finance lease of \$74.998 million and plant and equipment under finance lease of nil.

** Total other comprehensive income for changes in asset revaluation surplus also includes decrement of \$0.770 million for land and buildings held for sale. Refer to note 19.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$36.600 million, buildings valued at \$5.117 million (classified as level 2) and capital works in progress (not classified).

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Consolidated
2016-17

	Land and buildings:				Plant and equipment:							Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000		
Carrying amount at the beginning of the period	383,307	2,157,568	-	152,950	40,990	90,983	38,020	-	55,485	18,679	2,937,982	
Additions	1,851	474	2,500,821	226,840	62	18,032	1,184	258,249	57,494	-	3,065,007	
Assets received free of charge	-	-	-	-	-	4,112	-	-	-	-	4,112	
Disposals	(280)	(79)	-	(19,013)	(47)	(829)	(401)	-	(56)	-	(20,705)	
Donated assets disposal	-	-	-	-	-	-	-	-	-	-	-	
Transfers between asset classes	-	55,021	50,134	(165,840)	1,633	9,152	8,031	-	11,511	-	(30,358)	
Reclassified to held for sale	(8,760)	(14,429)	-	-	-	-	-	-	-	-	(23,189)	
Other movements	-	-	-	(19)	-	-	-	-	(50)	-	(69)	
Subtotal:	376,118	2,198,555	2,550,955	194,918	42,638	121,450	46,834	258,249	124,384	18,679	5,932,780	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(113,862)	-	-	(3,089)	(28,481)	(10,606)	-	-	-	(156,038)	
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	2,888	2,888	
Impairment (losses) / reversals	(23,117)	(3,630)	-	-	-	-	-	-	-	-	(26,747)	
Subtotal:	(23,117)	(117,492)	-	-	(3,089)	(28,481)	(10,606)	-	-	2,888	(179,897)	
Gains/(losses) for the period recognised in other comprehensive income:												
Revaluation increment / (decrement)	2,403	-	-	-	-	-	-	-	-	-	2,403	
Impairment (losses) / reversals	(8,383)	-	-	-	-	-	-	-	-	-	(8,383)	
Subtotal:	(5,980)	-	-	-	-	-	-	-	-	-	(5,980)	
Carrying amount at the end of the period*	347,021	2,081,063	2,550,955	194,918	39,549	92,969	36,228	258,249	124,384	21,567	5,746,903	
Gross carrying amount												
Gross carrying amount	347,021	2,307,582	2,550,955	194,918	61,107	318,072	138,977	258,249	124,384	21,567	6,322,832	
Accumulated depreciation / amortisation	-	(226,519)	-	-	(21,558)	(225,103)	(102,749)	-	-	-	(575,929)	
Carrying amount at the end of the period	347,021	2,081,063	2,550,955	194,918	39,549	92,969	36,228	258,249	124,384	21,567	5,746,903	

* Included in carrying amount at the end of the period is buildings under finance lease of \$105.039 million and plant and equipment under finance lease of \$0.009 million.
All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$105.673 million (classified as level 2) and capital works in progress (not classified).

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Parent 2017-18	Land and buildings:				Plant and equipment:							Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000		
Carrying amount at the beginning of the period	39,639	1,386	-	1,038	2,060	45	2,735	-	8,395	-	55,298	
Additions	-	-	-	64	-	43	369	-	1,179	-	1,655	
Disposals	-	-	-	-	-	-	(56)	-	-	-	(56)	
Transfers between asset classes	-	-	-	(1,036)	1,012	14	9,042	-	(9,032)	-	-	
Subtotal:	39,639	1,386	-	66	3,072	102	12,090	-	542	-	56,897	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(205)	-	-	(640)	(13)	(4,210)	-	-	-	(5,068)	
Subtotal:	-	(205)	-	-	(640)	(13)	(4,210)	-	-	-	(5,068)	
Gains/(losses) for the period recognised in other comprehensive income:												
Revaluation increment / (decrement)	(4,159)	2,183	-	-	-	-	-	-	-	-	(1,976)	
Subtotal:	(4,159)	2,183	-	-	-	-	-	-	-	-	(1,976)	
Carrying amount at the end of the period	35,480	3,364	-	66	2,432	89	7,880	-	542	-	49,853	
Gross carrying amount												
Gross carrying amount	35,480	3,530	-	66	5,390	105	36,512	-	542	-	81,625	
Accumulated depreciation / amortisation	-	(166)	-	-	(2,958)	(16)	(28,632)	-	-	-	(31,772)	
Carrying amount at the end of the period	35,480	3,364	-	66	2,432	89	7,880	-	542	-	49,853	

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

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Parent 2016-17	Land and buildings:				Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000	
Carrying amount at the beginning of the period	45,396	1,913	-	-	2,779	-	3,228	-	537	-	53,853
Additions	-	-	-	1,532	-	29	-	-	8,986	-	10,547
Assets received free of charge	550	726	-	-	-	-	-	-	-	-	1,276
Disposals	-	-	-	-	-	-	(4)	-	-	-	(4)
Donated assets disposal	(120)	(80)	-	(494)	-	-	-	-	-	-	(694)
Transfers between asset classes	-	-	-	-	-	18	1,399	-	(1,128)	-	289
Reclassified to held for sale	(6,187)	(1,076)	-	-	-	-	-	-	-	-	(7,263)
Subtotal:	39,639	1,483	-	1,038	2,779	47	4,623	-	8,395	-	58,004
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(97)	-	-	(719)	(2)	(1,888)	-	-	-	(2,706)
Subtotal:	-	(97)	-	-	(719)	(2)	(1,888)	-	-	-	(2,706)
Carrying amount at the end of the period	39,639	1,386	-	1,038	2,060	45	2,735	-	8,395	-	55,298
Gross carrying amount											
Gross carrying amount	39,639	1,534	-	1,038	5,787	75	37,624	-	8,395	-	94,092
Accumulated depreciation / amortisation	-	(148)	-	-	(3,727)	(30)	(34,889)	-	-	-	(38,794)
Carrying amount at the end of the period	39,639	1,386	-	1,038	2,060	45	2,735	-	8,395	-	55,298

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

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22. Reconciliation of intangible assets

The following table shows the movement:
Consolidated

	2017-18				2016-17			
	Computer software \$'000	Bed licences \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Bed licences \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	96,878	700	40,758	138,336	91,115	701	19,889	111,705
Additions	91	-	4,864	4,955	4,763	-	10,161	14,924
Disposals	(61)	-	-	(61)	(6)	-	-	(6)
Amortisation	(22,551)	-	-	(22,551)	(18,644)	-	-	(18,644)
Transfers between asset classes	38,610	-	(41,683)	(3,073)	19,650	-	10,708	30,358
Other movements	-	-	-	-	-	(1)	-	(1)
Carrying amount at the end of the period	112,967	700	3,939	117,606	96,878	700	40,758	138,336
Gross carrying amount								
Gross carrying amount	211,892	700	3,939	216,531	173,912	700	40,758	215,370
Accumulated amortisation	(98,925)	-	-	(98,925)	(77,034)	-	-	(77,034)
Carrying amount at the end of the period	112,967	700	3,939	117,606	96,878	700	40,758	138,336
Parent								
Carrying amount at the beginning of the period	66,294	-	2,018	68,312	77,117	-	1,032	78,149
Additions	19	-	1,974	1,993	999	-	2,968	3,967
Amortisation	(11,224)	-	-	(11,224)	(13,515)	-	-	(13,515)
Transfers between asset classes	3,940	-	(3,940)	-	1,693	-	(1,982)	(289)
Carrying amount at the end of the period	59,029	-	52	59,081	66,294	-	2,018	68,312
Gross carrying amount								
Gross carrying amount	131,970	-	52	132,022	128,079	-	2,018	130,097
Accumulated amortisation	(72,941)	-	-	(72,941)	(61,785)	-	-	(61,785)
Carrying amount at the end of the period	59,029	-	52	59,081	66,294	-	2,018	68,312

Residential aged care bed licences that are purchased are initially recorded at cost. Bed licences that are received for no consideration from the Commonwealth Government are recognised at their fair value at the date of implementation, having regard to recent sale activity within South Australian country areas and the relaxation of ceiling limits on bed licenses, the Consolidated Entity has recorded these licences at nil value.

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23. 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.

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 is deemed to approximate fair value.

Refer to notes 20 and 23.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

23.1 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 the hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2018

	Consolidated			Parent		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 21)						
Land	36,600	307,528	344,128	35,480	-	35,480
Buildings and improvements	5,117	5,079,983	5,085,100	-	3,364	3,364
Leasehold improvements	-	40,504	40,504	-	2,432	2,432
Plant and equipment	-	505,221	505,221	-	7,969	7,969
Investment property	21,582	-	21,582	-	-	-
Total recurring fair value measurements	63,299	5,933,236	5,996,535	35,480	13,765	49,245
Non-recurring fair value measurements (Note 19)						
Land held for sale	218	-	218	218	-	218
Buildings and improvements held for sale	-	288	288	-	288	288
Total non-recurring fair value measurements	218	288	506	218	288	506
Total	63,517	5,933,524	5,997,041	35,698	14,053	49,751

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Fair value measurements at 30 June 2017

	Consolidated			Parent		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 21)						
Land	105,673	241,348	347,021	39,639	-	39,639
Buildings and improvements	-	4,632,018	4,632,018	-	1,386	1,386
Leasehold improvements	-	39,549	39,549	-	2,060	2,060
Plant and equipment	-	387,446	387,446	-	2,780	2,780
Investment property	21,567	-	21,567	-	-	-
Total recurring fair value measurements	127,240	5,300,361	5,427,601	39,639	6,226	45,865
Non-recurring fair value measurements (Note 19)						
Land held for sale	4,441	-	4,441	1,868	-	1,868
Buildings and improvements held for sale	-	14,078	14,078	-	726	726
Total non-recurring fair value measurements	4,441	14,078	18,519	1,868	726	2,594
Total	131,681	5,314,439	5,446,120	41,507	6,952	48,459

Non-recurring fair value measurement is applicable to land and buildings held for sale. The 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 19.

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.

During 2018 and 2017, the Consolidated Entity had no valuations categorised into Level 1. Land assets of the Parent entity and SAAS have been classified as Level 2, in 2018 other land of the Consolidated Entity was transferred from Level 2 to Level 3 as there were unobservable inputs, and one building asset was transferred from Level 3 to Level 2 with a fair value of \$5.117 million.

23.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. 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. All other land has been classified as Level 2.

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.

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

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24. Payables

	Consolidated		Parent	
	2018	2017	2018	2017
Current	\$'000	\$'000	\$'000	\$'000
Creditors and accrued expenses	190,907	211,535	46,266	70,344
Paid Parental Leave Scheme	368	422	6	16
Health Service workers compensation	-	-	8,456	17,257
Interstate patient transfers	70,621	77,459	70,621	77,459
Employment on-costs*	57,980	48,082	2,903	2,924
Other payables	8,990	9,926	109	69
Total current payables	328,866	347,424	128,361	168,069
Non-current				
Creditors and accrued expenses	529	410	-	-
Health Service workers compensation	-	-	16,552	10,915
Employment on-costs*	24,496	27,966	2,486	2,406
Other payables	187	194	-	-
Total non-current payables	25,212	28,570	19,038	13,321
Total payables	354,078	375,994	147,399	181,390

* Employment on-costs include payroll tax and superannuation contributions. 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.

Due to inter-entity eliminations upon consolidation, Health Service workers compensation redemption and lump sum payables of \$25.008 million (\$28.172 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 2.2 for further information.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has increased for the Department from the 2017 rate of 40% to 41% and has decreased for the LHNs and SAAS from the 2017 rate of 48% to 35%. Mercer Consulting (Australia) Pty Ltd has determined that the average factors for the calculation of employer superannuation cost on-costs have changed from 2017 (9.40% to 13.62%) to 2018 (9.71 to 13.23%). 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 liability of \$6.789 million (Parent increase of \$0.075 million) and employee benefits expense of \$6.789 million (Parent increase of \$0.075 million). The estimated impact on 2019 and 2020 is \$7.061 million (Parent \$0.078 million) and \$7.343 million (Parent \$0.081 million) respectively.

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.

Interest rate and credit risk

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

Refer to note 36 for further information on risk management.

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25. Borrowings

	Note	Consolidated		Parent	
		2018	2017	2018	2017
Current		\$'000	\$'000	\$'000	\$'000
Loans		3,908	3,546	3,908	3,546
Finance lease	29.3	64,561	34,770	-	-
Total current borrowings		68,469	38,316	3,908	3,546
Non-current					
Loans		3,007	6,915	3,007	6,915
Finance lease	29.3	2,709,726	2,763,386	-	-
Total non-current borrowings		2,712,733	2,770,301	3,007	6,915
Total borrowings		2,781,202	2,808,617	6,915	10,461

The contractual maturities for loans (financial liabilities at cost) are within 5 years. The Consolidated Entity measures financial liabilities including borrowings/debt at historical cost.

The decrease in loans liability of \$3.546 million arises from financing cash outflows. The decrease in finance lease liability of \$23.869 million arises from financing cash outflows of \$34.770 million less the capitalisation of interest of \$10.901 million.

Refer to note 36 for further information on risk management.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

26. Employee benefits

	Consolidated		Parent	
	2018	2017	2018	2017
Current	\$'000	\$'000	\$'000	\$'000
Annual leave	350,511	321,808	13,973	14,003
Long service leave	50,733	47,740	3,812	3,944
Accrued salaries and wages	84,559	71,190	2,854	2,956
Fringe benefits tax	1,540	2,538	1,531	2,528
Skills and experience retention leave	27,563	27,935	987	1,074
Superannuation - defined benefit scheme	17,768	17,613	-	-
Other	385	365	47	12
Total current employee benefits	533,059	489,189	23,204	24,517
Non-current				
Long service leave	664,934	622,369	32,452	33,570
Superannuation - defined benefit scheme	10,030	9,695	-	-
Total non-current employee benefits	674,964	632,064	32,452	33,570
Total employee benefits	1,208,023	1,121,253	55,656	58,087

Employee benefits accrue 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.

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

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

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

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

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26.2 Long service leave

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave.

AASB 119 requires the use of a yield on long-term Commonwealth Government bonds which matches the expected duration of the liabilities as the discount rate in the measurement of the long service leave liability.

The appropriate yields on long-term Commonwealth Government bonds have increased from 2017 (2.27% to 2.77%) to 2018 (2.57% to 2.84%). This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in the bond yield in the current year is a decrease in the reported long service leave liability of \$15.383 million (Parent \$0.500 million) and employee benefits expense of \$15.925 million (Parent \$0.521 million). This decrease has largely been offset by changes to the assumptions associated with the duration of the liability resulting in an overall net increase in the reported long service leave liability relative to 2017. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

An actuarial assessment performed by DTF left the salary inflation rate at 3.00% for annual leave and skills, experience and retention leave liability. The long term salary inflation rate for long service leave was left at 4.00% for the Department and LHNs and increased from 3.50% to 4.00% for SAAS. The net financial effect of the change in the salary inflation rate in the current financial year is an increase in the long service leave liability of \$3.221 million and employee benefits expense of \$3.371 million.

26.3 Superannuation funds

A significant number of SAAS 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 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 26.

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.

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. For those staff who are not members of the Scheme, SAAS 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.

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	Consolidated		Parent	
	2018	2017	2018	2017
Reconciliation of the present value of the defined benefit obligation:	\$'000	\$'000	\$'000	\$'000
Opening balance of defined benefit obligation	273,198	286,482	-	-
Current service cost	9,070	10,955	-	-
Interest cost	6,588	5,381	-	-
Contributions by scheme participants	5,008	5,251	-	-
Actuarial (gains)/losses	9,514	(23,191)	-	-
Benefits paid	(17,523)	(10,488)	-	-
Taxes, premiums and expenses paid	(1,872)	(1,780)	-	-
Transfers in	276	588	-	-
Closing balance of defined benefit obligation	284,259	273,198	-	-

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	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Reconciliation of fair value of scheme assets:				
Opening balance of scheme assets	245,890	225,383	-	-
Interest Income	6,063	4,373	-	-
Actual return on scheme assets less Interest Income	11,605	16,702	-	-
Contributions from the employer	7,014	5,861	-	-
Contributions by scheme participants	5,008	5,251	-	-
Benefits paid	(17,523)	(10,488)	-	-
Taxes, premiums and expenses paid	(1,872)	(1,780)	-	-
Transfers in	276	588	-	-
Closing balance of scheme assets	256,461	245,890	-	-

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	284,259	273,198	-	-
Fair value of scheme assets	(256,461)	(245,890)	-	-
Net liability arising from defined benefit obligations	27,798	27,308	-	-

Included in the Statement of Financial Position:

Current provision for employee benefits - defined benefit obligations	17,768	17,613	-	-
Non-current provision for employee benefits - defined benefit obligations	10,030	9,695	-	-
Closing balance of defined benefit obligation	27,798	27,308	-	-

	% invested by asset class			
	Consolidated		Parent	
	2018	2017	2018	2017
	%	%	%	%
Australian equity	31	29	-	-
International equity	20	21	-	-
Fixed income	35	27	-	-
Property	12	12	-	-
Alternatives/other	-	8	-	-
Cash	2	3	-	-
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 \$17.668 million (\$21.075 million). Employer contributions of \$5.497 million are expected to be paid to the scheme for the year ending 30 June 2019. Expected employer contributions reflect the current 12.00% of salary contributions.

	Consolidated		Parent	
	2018	2017	2018	2017
	% pa	% pa	% pa	% pa
Principal actuarial assumptions used (and expressed as weighted averages):				
Discount rate (defined benefit cost)	2.7	2.1	-	-
Expected rate of salary increase (defined benefit cost)	3.5	4.0	-	-
Discount rate (defined benefit obligation)	2.6	2.7	-	-
Expected rate of salary increase (defined benefit obligation)	4.0	3.5	-	-

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Movement in net defined benefit liability				
Net defined benefit liability at start of year	27,308	61,099	-	-
Defined benefit cost	9,595	11,963	-	-
Remeasurements	(2,091)	(39,893)	-	-
Employer contributions	(7,014)	(5,861)	-	-
Closing balance of scheme assets	27,798	27,308	-	-

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Sensitivity analysis

The defined benefit obligation as at 30 June 2018 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	2.6%	2.1%	3.1%	2.6%
Salary increase rate	4.0%	4.0%	4.0%	3.5%
Defined benefit obligation (\$'000)	284,259	294,174	275,059	276,132
				293,909

Description of the regulatory framework

The scheme operates in accordance with its Trust Deed. The scheme is considered to be an exempt public sector scheme.

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 2017 actuarial investigation of the scheme, in a report dated 5 June 2018, is to maintain the value of the scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- 105% of defined benefit vested benefit.

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 2018, then
 - 9.50% of salary for all defined benefit members after 1 July 2018, 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 2018 is eight years.

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27. Provisions

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current					
Insurance	27.2	14,505	14,402	14,505	14,402
Workers compensation	27.1	23,224	33,122	466	688
Total current provisions		37,729	47,524	14,971	15,090
Non-current					
Insurance	27.2	104,491	90,845	104,491	90,845
Workers compensation	27.1	85,298	55,217	561	894
Total non-current provisions		189,789	146,062	105,052	91,739
Total provisions		227,518	193,586	120,023	106,829

27.1 Workers Compensation

Workers compensation statutory provision

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 Consolidated Entity 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 is \$25.008 million (\$28.172 million). Refer to note 24. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The workers compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). 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.

Workers compensation non-statutory provision

Additional insurance/compensation arrangements for certain work related injuries have been introduced for most public sector employees through various enterprise bargaining agreements and industrial awards. This insurance/compensation is intended to provide continuing benefits to non-seriously injured workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, for the first time, as at 30 June 2018 provided by a consulting actuary (PwC) engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2018 the Consolidated Entity recognised a workers compensation non-statutory provision of \$14.914 million (Parent: \$0.051 million), as this provision was introduced in 2017-18 there are no comparatives available.

Reconciliation of workers compensation

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	88,339	100,084	1,582	3,095
Increase in provisions recognised	28,365	1,311	51	-
Reductions resulting from re-measurement or settlement without cost	(5,203)	(4,698)	(541)	(1,487)
Reductions arising from payments/other sacrifices of future economic benefits	(2,979)	(8,358)	(65)	(26)
Carrying amount at the end of the period	108,522	88,339	1,027	1,582

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27.2 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 discount rate of 2.7% was left unchanged between years.

The provision for claims for general public liability insurance and property is a management assessment.

Reconciliation of insurance

The following table shows the movement of insurance during the period for the Consolidated Entity and Parent:

	Medical malpractice	Professional indemnity (Other)	Public liability	Property	Total
2017-18	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	102,284	-	1,042	1,921	105,247
Increase to provision due to new claims	5,402	-	332	988	6,722
Reduction due to payments	(10,515)	-	(107)	(598)	(11,220)
Net revision of estimates	18,756	299	429	(1,237)	18,247
Carrying amount at the end of the period	115,927	299	1,696	1,074	118,996

	Medical malpractice	Professional indemnity (Other)	Public liability	Property	Total
2016-17	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	119,283	-	1,451	1,178	121,912
Increase to provision due to new claims	15,740	-	195	2,135	18,070
Reduction due to payments	(18,387)	-	(1,257)	(855)	(20,499)
Net revision of estimates	(14,352)	-	653	(537)	(14,236)
Carrying amount at the end of the period	102,284	-	1,042	1,921	105,247

28. Other liabilities

	Consolidated		Parent	
	2018	2017	2018	2017
Current	\$'000	\$'000	\$'000	\$'000
Unclaimed monies	63	228	-	2
Unearned revenue	10,395	6,977	-	33
Residential aged care bonds	75,144	66,549	-	-
Lease incentive	671	586	511	426
Other	685	588	1	-
Total current other liabilities	86,958	74,928	512	461
Non-current				
Unearned revenue	690	774	-	-
Lease incentive	3,025	3,558	1,543	2,000
Other	835	714	-	-
Total non-current other liabilities	4,550	5,046	1,543	2,000
Total other liabilities	91,508	79,974	2,055	2,461

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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.

29. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

29.1 Operating lease revenue commitments

	Consolidated		Parent	
	2018	2017	2018	2017
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:	\$'000	\$'000	\$'000	\$'000
Within one year	857	938	-	-
Later than one year but not longer than five years	1,021	184	-	-
Total operating lease revenue commitments	1,878	1,122	-	-

The operating lease revenue commitments relates to property owned by the Consolidated Entity and leased to external parties.

29.2 Operating lease expenditure commitments

	Consolidated		Parent	
	2018	2017	2018	2017
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000	\$'000	\$'000
Within one year	39,278	40,487	12,051	11,822
Later than one year but not longer than five years	82,414	98,583	26,430	36,542
Later than five years	51,960	61,739	-	-
Total operating lease commitments	173,652	200,809	38,481	48,364

Representing:

Cancellable operating leases	11,064	12,036	-	-
Non-cancellable operating leases	162,588	188,773	38,481	48,364
Total operating lease commitments	173,652	200,809	38,481	48,364

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 operating lease arrangements are for the use of properties and motor vehicles. Motor vehicles are leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period or a specified number of kilometers, whichever occurs first.

29.3 Finance lease liabilities commitments

29.3.1 Finance lease liabilities commitments - excluding Royal Adelaide Hospital (RAH)

Future minimum lease payments for the Consolidated Entity under finance lease and hire purchase contracts together with the present value of net minimum lease payments are as follows:

	2018		2017	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	\$'000	\$'000	\$'000	\$'000
Within one year	8,935	4,571	8,759	4,527
Later than one year but not longer than five years	29,670	13,804	31,509	13,296
Later than five years	9,290	4,962	15,402	9,071
Total minimum lease payments	47,895	23,337	55,670	26,894
Less future finance lease charges and contingent rentals	(24,558)	-	(28,776)	-
Total finance lease commitments - excluding RAH	23,337	23,337	26,894	26,894

Included in finance lease commitments above is \$2.122 million (\$2.445 million) which is the GST component.

The Consolidated Entity has entered into finance leases for buildings and improvements and plant and equipment with a carrying amount of \$74.999 million (\$105.039 million) and nil (\$0.009 million), respectively. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

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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 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.

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.

29.3.2 Finance lease liabilities commitments – Royal Adelaide Hospital (RAH) buildings and plant and equipment

Future minimum lease payments for the Consolidated Entity under the PPP arrangement together with the present value of net minimum lease payments for the buildings and plant and equipment at the new RAH are as follows:

	2018		2017	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
Within one year	313,286	292,851	288,032	268,782
Later than one year but not longer than five years	1,228,958	902,875	1,237,879	913,750
Later than five years	6,595,741	1,555,224	6,900,105	1,588,730
Total minimum lease payments	8,137,985	2,750,950	8,426,016	2,771,262
Less future finance lease charges and contingent rentals	(5,387,035)	-	(5,654,754)	-
Total finance lease commitments - RAH	2,750,950	2,750,950	2,771,262	2,771,262

There is nil GST in the finance lease commitments for the RAH.

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium trading as Celsus to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. This arrangement is referred to as a Public Private Partnership (PPP). Commercial acceptance was achieved on 13 June 2017.

Under the PPP agreement, the Consolidated Entity pays the operator over the period of the arrangement, subject to specified performance criteria being met.

The PPP costs are disclosed as:

- a component accounted for as finance lease payment for the buildings and furniture, fitting and equipment provided under the agreement; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as PPP operating costs, which are expensed in the Statement of Comprehensive Income.

At the conclusion of the contract in 2046, the Consolidated Entity will take ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Included in the Statement of Financial Position as:				
Current borrowings (Note 25)	64,561	34,770	-	-
Non-current borrowings (Note 25)	2,709,726	2,763,386	-	-
Total included in borrowings	2,774,287	2,798,156	-	-

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29.4 Expenditure Commitments

29.4.1 Capital commitments

	Consolidated		Parent	
	2018	2017	2018	2017
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:	\$'000	\$'000	\$'000	\$'000
Within one year	11,691	72,896	265	1,449
Later than one year but not longer than five years	-	217	-	217
Total capital commitments	11,691	73,113	265	1,666

The Consolidated Entity's capital commitments are for plant and equipment ordered but not received and capital works.

29.4.2 Other expenditure commitments

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	213,654	226,812	64,947	64,317
Later than one year but not longer than five years	366,009	384,787	16,030	33,190
Later than five years	2,523,411	2,605,833	-	69
Total other expenditure commitments	3,103,074	3,217,432	80,977	97,576
Less contingent rentals	(1,190,781)	(1,200,858)	-	-
Net other expenditure commitments	1,912,293	2,016,574	80,977	97,576

The Consolidated Entity's expenditure commitments are for agreements for goods and services ordered but not received.

Included in other expenditure commitments above is \$2,912.588 million (\$2,984.055 million), including contingent rentals, which relates directly to the PPP operations and maintenance 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 2018 has not been quantified.

30. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value. Contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable or payable the contingencies are disclosed on a gross basis.

30.1 Contingent assets

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

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

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

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30.2 Contingent liabilities

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

On 5 June 2018, Spotless issued Celsus with three Notices of Dispute relating to operational matters. On the same day, Celsus issued corresponding Notices of Dispute to the State. At the time of this Report, the parties are discussing these operational matters. It is not possible to estimate the dollar effect of these disputes.

30.3 Guarantees

The Consolidated Entity has made no guarantees.

31. Related party transactions

The Consolidated Entity is controlled by the SA Government.

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

31.1 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. The Consolidated Entity received funding from the SA Government (note 14), and incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$101.297 million (\$169.886 million), occupancy rent and rates of \$16.333 million (\$15.549 million) and property repairs and maintenance of \$26.609 million (\$22.234 million) (note 4). As at 30 June the outstanding balance payable to DPTI was \$15.313 million (\$42.578 million) (note 24) and the value of unrecognised contractual expenditure commitments with DPTI was \$47.087 million (\$53.740 million) (note 29).

Quantitative information about transactions and balances between the Department and other SA Government controlled entities is disclosed at note 33. Refer also to notes 4, 5, 8, 16 and 24 for information about transactions between the Department and the LHNs and SAAS.

In addition, the Consolidated Entity has lease arrangements (both as lessee and as lessor) with other SA Government controlled entities. The premises are provided/received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

31.2 Transactions with Key Management Personnel and other related parties

Compensation of key management personnel is disclosed at note 3.

The Consolidated Entity did not enter into any transactions with key management personnel or their close family in 2017-18 that were not consistent with normal procurement arrangements.

32. 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.

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 *Health Care Act 2008* 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 HACs have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

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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.

The Consolidated Entity's share in the equity of the Flinders Fertility is calculated based on the draft financial statements provided for the reporting period and subsequently adjusted when the final audited financial statements are available.

Based on the draft financial statements as at 30 June 2017, Flinders Fertility projected a profit, however the audited statements recorded a loss due primarily to the write-off of items previously capitalized. The draft financial statements for the year ended 30 June 2018 project a further loss. The losses for both years have not been distributed to the beneficiaries.

The following table summarises the financial information of Flinders Fertility based on currently available information:

	2018	2017
Percentage ownership interest	50 %	50 %
	\$'000	\$'000
Current assets	2,474	4,361
Current liabilities	(1,315)	(650)
Non-current assets	1,849	2,052
Non-current liabilities	(3,008)	(5,763)
Net assets	-	-
Share of beneficial entitlement	2,657	2,695
Carrying amount of interest in joint venture	2,657	2,695
Expenses	(7,900)	(4,904)
Revenue	5,192	4,980
Profit/(loss) and total comprehensive income	(2,708)	76
Entity's share of profit/(loss) and total comprehensive income (50%)	(1,354)	38

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33. Transactions with SA Government

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

Parent Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
EXPENSES						
3 Employee benefits expenses	10,733	10,685	178,071	179,170	188,804	189,855
4 Supplies and services	65,865	67,334	447,979	412,013	513,844	479,347
Administration	165	200	1,494	1,537	1,659	1,737
Advertising	15	66	2,670	2,926	2,685	2,992
Communication	4,015	4,287	10,061	9,004	14,076	13,291
Computing	5,618	4,971	91,875	70,214	97,493	75,185
Consultants	-	-	4,303	14,448	4,303	14,448
Contract of services	207	207	105,254	99,450	105,461	99,657
Contractors	334	252	4,031	4,179	4,365	4,431
Contractors - agency staff	10,420	10,623	12,490	12,977	22,910	23,600
Cost of goods sold	-	-	100,534	96,283	100,534	96,283
Drug supplies	-	-	1,345	1,206	1,345	1,206
Electricity, gas and fuel	-	4	143	98	143	102
Fee for service	-	-	-	-	-	-
Food supplies	7	9	53	63	60	72
Housekeeping	28	47	406	54	434	101
Insurance	25,228	23,965	27,467	4,528	52,695	28,493
Interstate patient transfers	-	-	37,119	45,306	37,119	45,306
Legal	2,291	3,120	3,701	920	5,992	4,040
Medical, surgical and laboratory supplies	8	10	58	124	66	134
Minor equipment	260	4	3,282	7,495	3,542	7,499
Motor vehicle expenses	404	476	80	93	484	569
Occupancy rent and rates	12,275	12,808	1,856	1,803	14,131	14,611
Patient transport	-	-	-	11	-	11
Services from Shared Services SA	2,028	2,706	-	-	2,028	2,706
Postage	1	3	2,525	2,316	2,526	2,319
Printing and stationery	4	17	1,461	1,441	1,465	1,458
Rental expense on operating lease	125	99	289	217	414	316
Repairs and maintenance	642	180	20,795	19,745	21,437	19,925
Security	363	359	95	204	458	563
Employee training and development	148	108	3,872	3,551	4,020	3,659
Employee travel expenses	5	45	1,064	960	1,069	1,005
Other supplies and services	1,274	2,768	9,656	10,860	10,930	13,628
Depreciation and amortisation expense	-	-	16,292	16,221	16,292	16,221
5 Grants and subsidies	5,001,407	4,379,956	26,157	23,440	5,027,564	4,403,396
Recurrent funding to incorporated Health Services	4,699,940	4,024,171	-	-	4,699,940	4,024,171
Capital funding to incorporated Health Services	295,690	350,605	-	-	295,690	350,605
Subsidies	219	15	6,612	5,062	6,831	5,077
Funding to non-government organisations	-	-	19,545	18,378	19,545	18,378
Other	5,558	5,165	-	-	5,558	5,165
6 Borrowing costs	760	1,059	-	-	760	1,059
12 Net loss from disposal of non-current and other assets	-	64	-	2,148	-	2,212
Total proceeds from disposal	-	-	-	(35,146)	-	(35,146)
Less total value of assets disposed	-	-	-	37,255	-	37,255
Less other costs of disposal	-	64	-	39	-	103
7 Other expenses	2,691	4,352	23,848	32,084	26,539	36,436
Bad and doubtful debts	-	-	40	(116)	40	(116)
Bank fees and charges	-	-	10	62	10	62
Donated assets expense	-	694	-	-	-	694
Donated drug vaccine expense	-	-	22,935	29,521	22,935	29,521
Other	2,691	3,658	863	2,617	3,554	6,275
TOTAL EXPENSES	5,081,456	4,463,450	692,347	665,076	5,773,803	5,128,526

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Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
INCOME						
8 Revenues from fees and charges	266,179	268,608	77,537	91,600	343,716	360,208
Business services	-	-	1,325	895	1,325	895
Fines, fees and penalties	43	21	1,092	1,159	1,135	1,180
Insurance recoveries	34,080	33,967	262	289	34,342	34,256
Interstate patient transfers	-	-	72,072	86,407	72,072	86,407
Patient and client fees	20,097	19,532	-	33	20,097	19,565
Private practice fees	2,402	2,261	132	486	2,534	2,747
Recoveries	108,768	115,152	1,361	1,211	110,129	116,363
Sale of goods - medical supplies	100,708	96,521	-	-	100,708	96,521
Other user charges and fees	81	1,154	1,293	1,120	1,374	2,274
9 Grants and contributions	7,696	7,682	1,420,262	1,342,340	1,427,958	1,350,022
National Health Reform Agreement	-	-	1,335,323	1,252,731	1,335,323	1,252,731
Department of Veterans' Affairs	-	-	43,052	49,003	43,052	49,003
Commonwealth Transition Care Program	-	-	23,819	23,184	23,819	23,184
Other Commonwealth grants and contributions	-	-	16,792	16,486	16,792	16,486
SA Government Community Development Fund	7,000	7,000	-	-	7,000	7,000
SA Government capital contributions	-	145	-	-	-	145
Other SA Government grants and contributions	696	537	-	-	696	537
Private sector grants and contributions	-	-	1,276	936	1,276	936
10 Interest revenues	802	1,132	2,432	3,583	3,234	4,715
11 Resources received free of charge	1,614	1,276	20,872	22,340	22,486	23,616
12 Net gain/(loss) from disposal of non-current and other assets	1,731	-	(1,375)	-	356	-
Total proceeds from disposal	1,748	-	-	-	1,748	-
Less total value of assets disposed	-	-	(1,374)	-	(1,374)	-
Less other costs of disposal	(17)	-	(1)	-	(18)	-
13 Other revenues/income	1,620	1,947	1,435	964	3,055	2,911
Commissions revenue	4	3	12	17	16	20
Training revenue	-	-	559	339	559	339
Donations	-	-	30	-	30	-
Car parking revenue	-	-	55	74	55	74
Other	1,616	1,944	779	534	2,395	2,478
14 Revenues from SA Government	3,986,313	3,400,798	-	-	3,986,313	3,400,798
TOTAL INCOME	4,265,955	3,681,443	1,521,163	1,460,827	5,787,118	5,142,270
FINANCIAL ASSETS						
15 Cash and cash equivalents	249,433	86,475	43,169	199,768	292,602	286,243
16 Receivables	11,765	17,408	165,234	160,851	176,999	178,259
Patient/client fees: compensable	1,684	1,600	-	-	1,684	1,600
Debtors	73	1,182	1,774	5,767	1,847	6,949
Less: allowance for doubtful debts	-	-	(259)	(243)	(259)	(243)
Interstate patient transfers	-	-	129,051	128,197	129,051	128,197
Prepayments	1,808	1,968	11,995	10,901	13,803	12,869
Loans	8,046	12,425	-	-	8,046	12,425
Interest	154	233	-	-	154	233
Grants	-	-	723	-	723	-
Sundry receivables and accrued revenue	-	-	209	211	209	211
GST input tax recoverable	-	-	21,741	16,018	21,741	16,018
TOTAL FINANCIAL ASSETS	261,198	103,883	208,403	360,619	469,601	464,502
FINANCIAL LIABILITIES						
24 Payables	37,732	69,835	109,667	111,555	147,399	181,390
Creditors and accrued expenses	10,712	39,659	35,554	30,685	46,266	70,344
Paid Parental Leave Scheme	-	-	6	16	6	16
Health Service workers compensation	25,008	28,172	-	-	25,008	28,172
Interstate patient transfers	-	-	70,621	77,459	70,621	77,459
Employment on-costs	2,012	2,004	3,377	3,326	5,389	5,330
Other payables	-	-	109	69	109	69
25 Borrowings	6,915	10,461	-	-	6,915	10,461
Loans	6,915	10,461	-	-	6,915	10,461
28 Other liabilities	2,054	2,426	1	35	2,055	2,461
Unclaimed monies	-	-	-	2	-	2
Unearned revenue	-	-	-	33	-	33
Lease incentive	2,054	2,426	-	-	2,054	2,426
Other	-	-	1	-	1	-
TOTAL FINANCIAL LIABILITIES	46,701	82,722	109,668	111,590	156,369	194,312

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34. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	587,298	469,727	292,602	286,243
Cash as per Statement of Financial Position	587,298	469,727	292,602	286,243
Balance as per Statement of Cash Flows	587,298	469,727	292,602	286,243
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by (used in) operating activities	388,344	281,766	8,253	24,885
Revenues from SA Government	(3,986,313)	(3,400,798)	(3,986,313)	(3,400,798)
Add/less non-cash items				
Asset donated free of charge	(15,022)	-	-	(694)
Capitalised interest expense on finance lease	(10,901)	(12,192)	-	-
Depreciation and amortisation expense of non-current assets	(256,201)	(174,682)	(16,292)	(16,221)
Gain/(loss) on sale or disposal of non-current assets	(2,261)	(22,397)	356	(2,212)
Gain/(loss) on valuation of defined benefits	(2,091)	(39,893)	-	-
Impairment of non-current assets	(13,837)	(26,747)	-	-
Increments/(decrements) on revaluation of non-current assets	(17,602)	2,888	-	-
Interest credited directly to investments	2,190	3,621	-	-
Resources received free of charge	2,998	4,144	-	1,276
Revaluation of investments	(1,098)	-	-	-
Other	-	(70)	-	-
Movement in assets and liabilities				
Increase/(decrease) in receivables	6,127	(7,271)	3,119	2,193
Increase/(decrease) in inventories	(3,604)	(2,149)	(4,946)	(1,676)
Increase/(decrease) in other current assets	13	9	-	-
(Increase)/decrease in employee benefits	(86,770)	28,029	2,431	140
(Increase)/decrease in payables and provisions	(14,741)	43,082	19,988	6,310
(Increase)/decrease in other liabilities	(11,534)	(6,366)	406	(257)
Net cost of providing services	(4,022,303)	(3,329,026)	(3,972,998)	(3,387,054)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position, net of bank overdrafts.

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35. Budgetary reporting and explanations of major variances between budget and actual amounts

Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2017-18 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.

Consolidated	Original Budget	Actual	Variance
	2018	2018	
Statement of Comprehensive Income	\$'000	\$'000	\$'000
Expenses			
Employee benefits expenses	3,724,764	3,915,604	(190,840)
Supplies and services	1,678,774	1,914,955	(236,181)
Depreciation and amortisation expense	267,279	256,201	11,078
Grants and subsidies	48,819	42,897	5,922
Borrowing costs	265,669	263,186	2,483
Net loss from disposal of non-current assets and other assets	2,485	2,261	224
Other expenses	75,805	106,319	(30,514)
Total Expenses	(a) 6,063,595	6,501,423	(437,828)
Income			
Revenues from fees and charges	624,589	588,538	(36,051)
Grants and contributions	1,701,716	1,768,798	67,082
Interest revenues	5,482	6,864	1,382
Resources received free of charge	15,529	49,865	34,336
Other revenues/income	72,720	65,055	(7,665)
Total Income	2,420,036	2,479,120	59,084
Net cost of providing services	3,643,559	4,022,303	(378,744)
Revenues from SA Government			
Revenues from SA Government	3,761,762	3,986,313	224,551
Total Revenues from SA Government	3,761,762	3,986,313	224,551
Net result	118,203	(35,990)	(154,193)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	-	348,785	348,785
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains/(losses) recognised directly in equity	-	2,218	2,218
Total Other Comprehensive Income	-	351,003	351,003
Total Comprehensive Result	118,203	315,013	196,810

(a) The unfavourable variance of \$437.828 million in total expenses compared with the original budget is mainly due to the increased cost of providing hospital services. Most of these costs are incurred across a large range of areas and are not separately disclosed in this note because of the number and breadth of areas involved. Specific items that have contributed to the variance include: increased operational expenses predominantly due to the readiness, transition and site works associated with the Royal Adelaide Hospital of \$44.2 million; increased drug costs in administering a new Hepatitis C medication under the Pharmaceutical Benefits Scheme of \$27.6 million; increased costs associated with enterprise agreements finalised throughout 2017-18 of \$27.9 million; increased expenditure associated with the updating of ICT devices across SA Health under the End User Computing Project of \$9.8 million; additional funding to meet additional demand in SAAS of \$6.7 million; and the implementation of the Enterprise Patient Administration System (EPAS) across hospitals in 2017-18 of \$4.9 million.

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	Original Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Investing expenditure summary			
Total new projects	16,910	9,721	7,189
Total existing projects	126,218	176,920	(50,702)
Total annual programs	52,589	45,465	7,124
Total investing expenditure	(b) 195,717	232,106	(36,389)

(b) The variance of \$(36.389) million between original budget and actual amounts for investing expenditure mainly relates to \$98.112 million expenditure on Royal Adelaide Hospital site works for which the budget was carried over from 2016-17, in addition to the original 2017-18 budget. Partially offset by \$14.810 million reclassified from investing to expenses for project related costs which did not comply with the SA Health Capitalisation Policy, and projects with underspend variances either due to delays in completing projects or changes in the delivery approach.

Projects with material underspend variances are:

- Flinders Medical Centre Redevelopment (\$15.705 million)
- SA Health Supply Distribution Centre (\$7.272 million)
- Women's and Children's Hospital Upgrade (\$7.215 million)
- Modbury Hospital Redevelopment (\$6.826 million)

36. Financial instruments/financial risk management

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

Liquidity Risk

The Consolidated Entity is funded principally from appropriation by the SA Government. The Consolidated Entity works with DTF to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 24 and 25 for further information.

Credit and market risk

The Consolidated Entity has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. 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.

Refer to notes 15, 16 and 17 for further information.

Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Consolidated Entity's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

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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 the respective financial asset / financial liability note.

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 are detailed below.

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 16 and 24).
- 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 note 25).
- 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 note 17).

	Notes	Consolidated		Parent	
		2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000	2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000
Category of financial asset and financial liability					
Financial assets					
Cash and equivalent					
Cash and cash equivalents	15, 34	587,298	469,727	292,602	286,243
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	16	256,764	259,329	141,444	149,357
Available for sale financial assets					
Other financial assets	17	108,421	108,503	-	-
Total financial assets		952,483	837,559	434,046	435,600
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	24	268,746	296,764	141,383	175,180
Borrowings	25	6,915	10,461	6,915	10,461
Other financial liabilities	28	80,423	72,223	2,055	2,428
Finance lease liability	25, 29	2,774,287	2,798,156	-	-
Total financial liabilities		3,130,371	3,177,604	150,353	188,069

- (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 16 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.

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37. Impact of Standards and Statements not yet implemented

The Consolidated Entity did not voluntarily change any of its accounting policies during 2017-18.

The Consolidated Entity has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. The material impacts on the Consolidated Entity are outlined below.

37.1 AASB 9 Financial Instruments

AASB 9 applies to reporting periods commencing after 1 January 2018. The application date for the Consolidated Entity is 1 July 2018. AASB 9 changes the requirements for classification, impairment and disclosures associated with the Consolidated Entity's financial assets. AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value.

The Consolidated Entity has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact on categorisation and valuation of the amounts reported in notes 16 and 17:

- There will be no change to either the classification or valuation of cash and cash equivalent items.
- Term deposits will be classified as 'sole payment of principal and interest' and measured at amortised cost, similar to the current classification of 'held to maturity'.
- Trade receivables will be classified as 'debt' and measured at amortised cost, similar to the current classification of 'loans and receivables'.
- There will be no change to the classification or measurement under the equity method of interests in the Flinders Reproductive Medicine Pty Ltd.
- For quoted equity instruments not held for trading, the Consolidated Entity has elected to measure these at fair value through other comprehensive income.
- Quoted equity instruments held for trading will continue to be measured at fair value through profit and loss.
- For quoted equity instruments not held for trading, the Consolidated Entity has elected to measure these at fair value through other comprehensive income.

However, the new impairment requirements will result in a provision being applied to all receivables (expected loss) rather than only on those receivables that are credit impaired (incurred loss). The Consolidated Entity will be adopting the simplified impairment approach under AASB 9 and will measure the impairment allowance at lifetime expected credit losses on all trade receivables and contract assets using a provision matrix as a practical expedient.

Applying this approach, the Consolidated Entity has estimated the opening impairment provision on 1 July 2018 to be \$18.168 million (Parent \$0.076 million), a decrease of \$13.141 million (Parent \$0.183 million) compared to the amount reported at 30 June 2018, resulting in net receivables of \$327.450 million (Parent \$177.182 million) on transition, and will not restate comparatives on adopting AASB 9.

There will be no additional impairment provisions for State, Territory or Commonwealth Government receivables due to the Governments' high quality credit rating.

37.2 AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not For Profit Entities

AASB 15 and AASB 1058 apply to reporting periods commencing after 1 January 2019. The application date for the Consolidated Entity is 1 July 2019.

AASB 15 establishes a comprehensive framework for determining the nature, amount and timing of revenue arising from contracts with customers. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. These standards replace AASB 111, AASB 118 and a large part of AASB 1004.

The Consolidated Entity has commenced consideration and analysis of the new revenue recognition requirements and has not yet finalised its assessment of their impact. The Consolidated Entity will continue its assessment of the impact over the next 12 months.

Potential impacts identified at this time are:

- grants presently recognised as revenue upfront may be progressively recognised as the associated performance obligations are satisfied, where those performance obligations are enforceable and sufficiently specific;
- grants that are not enforceable and/or sufficiently specific will continue to be recognised as revenue upfront i.e. no change to current treatment;
- peppercorn lease arrangements currently recognised at nominal amounts, will now be recognised at fair value under AASB 1058;
- depending on the respective contractual terms, AASB 15 may potentially result in a change to the timing of revenue from contracts and fees and charges; some revenue may need to be deferred to a future reporting period if the Consolidated Entity receives funds prior to completing the associated obligations; and
- contributed services will continue to be recognised when a fair value can be determined reliably and the services would be purchased if they had not been donated.

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37.3 AASB 16 Leases

AASB 16 will apply to reporting periods commencing after 1 January 2019. The application date for the Consolidated Entity is 1 July 2019. This standard replaces AASB 117 and Interpretation 4, 115 and 127.

AASB 16 largely retains the current lessor accounting model but does introduce a single lessee accounting model. It requires a lessee to recognise assets (representing rights to use the underlying leased asset) and liabilities (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset value is low. In effect, the majority of leases presently classified as operating leases will be recognised in the Statement of Financial Position.

The right of use asset will initially be recognised at cost and will give rise to a depreciation expense. The lease liability will initially be recognised as the present value of the lease payments during the term of the lease. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. These payments will now reduce the recognised liability over time and the finance charge component recognised as an expense.

The Consolidated Entity has commenced its analysis and assessment of right to use arrangements and notes the significant work involved to capture, assess and report these arrangements due to the large scale of its leasing activities.

The Consolidated Entity has not yet quantified the exact impact on the Statement of Comprehensive Income and Statement of Financial Position as a result of applying AASB 16 to its right to use asset arrangements. However, the Consolidated Entity's current operating lease commitments (refer to note 29) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

The Consolidated Entity will continue its assessment of the impact over the next 12 months. It is envisaged that the Consolidated Entity will apply the cumulative approach via an adjustment to accumulated surplus at date of initial application and will not restate comparatives.

38. Events after balance date

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 Consolidated Entity is aware of the following non-adjusting event: the State Government is reforming SA Health's governance arrangements and accordingly a *Health Care (Governance) Amendment Act 2018* was proclaimed on 2 August 2018 and will come into operation on 1 July 2019. The amended Act, amongst other matters, will enable each LHN to be governed by a Board (Governing Board). Additionally, the *Health Care (Local Health Networks) Proclamation 2018* under section 29 of the *Health Care Act 2008* established incorporated hospitals (and their associated Governing Boards):

- Barossa Hills Fleurieu Local Health Network Incorporated
- Eyre and Far North Local Health Network Incorporated
- Flinders and Upper North Local Health Network Incorporated
- Riverland Mallee Coorong Local Health Network Incorporated
- South East Local Health Network Incorporated
- Yorke and Northern Local Health Network Incorporated

The Consolidated Entity has commenced consideration and analysis of amendments to the *Health Care Act 2008* and have not yet finalised the assessment of their impact, assessment will continue over the next 12 months.

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39. Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with Accounting Policy Framework II *General Purpose Financial Statements* were:

Board/committee name:	Government employee members*	Other members
After Hours Senior Clinical Cover Project Board (this is a new committee and all members were appointed on 08/08/2017) - the Department	8	Whiteway L
BSSA State Quality Committee	8	Bretag A, Cannon A (resigned 06/07/2017), Humeniuk V (resigned 12/09/2017), Muller J, Olver I, Roder D, Rosser G (appointed 1/02/2018)
Central Adelaide Local Health Network Challenging Behaviours Committee	27	Chester M
Central Adelaide Local Health Network Consumer Advocates Council	-	Fyfe D (Chair), Woodley E, Marshall J, Coulls J, Beilby J, Nagel L, Chester M, Eckert M, Curry M, Dimonte R, Heydrich S, Sutton S, Blazewicz T, Evans T
Central Adelaide Local Health Network Consumer Carer Advisory Group	-	Blazewicz T (Co-Chair), Burns T, Hunt D, Jade N, Law D, Lloyd C, Lucas G, O'Brien E, Sexton N, Sutton P, Sutton S (Co-Chair), Tsogas C, Verrall A
Central Adelaide Local Health Network Governing Council	1	Deegan V (Presiding member), Eckert M, Ellery B, Fyfe D, Hubczenko N, Kellie A, Ielasi J
Central Adelaide Local Health Network Human Research Ethics Committee	25	Air T (appointed 26/02/2018), Burgess D (resigned 19/09/2017), Cullen J (appointed 01/01/2018), Crabb A (appointed 01/01/2018), Dale L (appointed 26/05/2018), Fisher A (appointed 01/01/2018), Hewitt A (appointed 01/01/2018), Huxtable E (resigned 31/12/2017), Lee J (appointed 01/01/2018), Lupoi G (resigned 31/12/2017), Macarthur J (resigned 29/09/2017), May J (resigned 31/12/2017), Need A (appointed 01/01/2018), Parry C (appointed 01/01/2018), Prideaux M (appointed 01/01/2018, resigned 08/02/2018), Ruediger C (appointed 01/01/2018), Sewell D, Slater H (appointed 01/01/2018)
Central Adelaide Local Health Network Making Care Better	-	Agius P (Chair), Blazewicz T, Cardinali R, Durand M, Fyfe D, Whiteway L
Central Adelaide Local Health Network Risk Management & Audit Committee	-	Davies T, Deegan V (Chair), Ellery B, May E
Chronic Pain Implementation Committee - the Department	14	Bollen C Dr, Lee D, Mann S, and Wing M
Comprehensive Care of Older Persons Project Board (this is a new committee and all members were appointed on 15/11/2017 unless otherwise specified) - the Department	9	Clark S
Consumer Administration Liaison Meeting	9	Buer S, Hofhius C, King P (appointed 26/11/2017)

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Board/committee name:	Government employee members*	Other members
Controlled Substances Advisory Council - the Department	13	Banner L, Gillett-Ferguson J, Ng D, Nicholls J Dr, Reeve M Dr, Reynolds C S, Smith J, and White J Prof
Country Health SA Local Health Network Advisory Council Inc	-	Blacker P, Evans L, Gregurke K, Healy R, McArthur A (appointed 01/07/2017), Fuller J (appointed 01/07/2017), Johnston J (appointed 01/07/2017), Mackay M (appointed 01/07/2017)
Country Health SA Risk Management and Audit Committee	-	Stubbs T Dr (Chair), Martin M, Wilson R (resigned 20/11/2017), Brown G, Christley S (appointed 25/02/2018)
DASSA Clinical Executive Committee	8	Moore P
DASSA Community Advisory Council	5	Agius H, Braund S, Cauchi R, Davis J, Hellier T, Huber N , Kelly K, Les D, McHendrie T, Mohan V, Moore P , Nimmo E, Percy S, Porcaro R, Tran K
DASSA Executive Group	10	Nimmo E
Department for Health and Wellbeing Human Research Ethics Committee - the Department	7	Alston A (resigned 09/09/2017), Bradley C (appointed 01/10/2017), Braunacker-Mayer A Prof, Brinkman S (resigned 27/03/2018), Buckley E, Carter D, Desmet C (appointed 01/10/2017), Elliott J, Gibson T, Grant J (appointed 01/10/2017), Hewitt A (appointed 01/10/2017), Holton C, Jones M, Kennedy R, McIlwaine J (appointed 01/01/2018), Needs K (appointed 01/10/2017), Roder D, Rundle N, Spencer R (appointed 01/09/2017 and resigned 01/10/2017), Stephens J, Vass G (appointed 01/07/2017), and Wrench-Doody A (resigned 09/09/2017)
Department for Health and Wellbeing Risk Management and Audit Committee - the Department	2	Cooper C, Daw S, Dunsford C (Chair), and Marshall V
End of Life Care Strategy Program Board - the Department	2	Brown M, Dickson M, Moy C Dr, Smith J (appointed 01/09/2017) Swetenham K, Tieman J Dr, and Walker H
Hampstead Rehabilitation Centre Consumer Advocate Group	7	Canavan D, Chester M, Fyfe D, Heydrich S (Chair), Honeychurch P (resigned 26/02/2018), James S, Miller L, Whiteway L
Health Performance Council - the Department	-	Callaghan R, Duckett S, Greenhill J, Jackson Pulver L, Kay D, Patetsos M, Roder D, Rowse B, and Tully S (chair)
Hepatitis C Action Plan Implementation Group (HAPI-C) - the Department	12	Hickey T, Landers D, Opie T (appointed 10/05/2018) Oudih E, and Sramek P (resigned 10/05/2018)

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Board/committee name:	Government employee members*	Other members
Maternal and Perinatal Mortality - Perinatal Mortality Subcommittee - the Department	13	Brown A Dr, Goold J Dr, and McKendrick L
Medvet Science Pty Ltd	3	Flynn P (appointed 08/11/2017) , Hinton A (appointed 08/11/2017) , Kowalick I (resigned 17/11/2017), Johansen G (re-appointed 10/03/2018)
New RAH Steering Committee (this committee ceased on 18/09/2017)	6	Michele A
Northern Adelaide Local Health Network Consumer Advisory Board	4	White A (Chair), Mossop J (Vice Chairperson), Whatley G, Green L, Turner M, Isemonger J, Lowden H, Davies I, Putsey P, Moffatt N
Northern Adelaide Local Health Network Governing Council	2	Hains S (Presiding Member), Durrant M, Isemonger J, Lampard F, Smith J, Wilson B, Moffatt N , Vinci G, Frost M
Northern Adelaide Local Health Network Risk Management & Audit Committee	1	Connor G (Chair, appointed 10/10,2016), Smith J, McGowan C
Orthogeriatrics Implementation Statewide Oversight Committee (this committee ceased on 12/07/2017) - the Department	26	Hatfield A, Smith J, Waters M, and Whiteway L
Outer South Mental Health Consumer Carer Advisory Group (Established 01/07/2017)	1	Alick R, Buer S (Chair), Burr ridge H, Cairns E, Hopkins R, Hutchison S, Mausolf A, McDonagh A, Penberthy V, Winfield U
Outpatients Reconfiguration Working Group	15	Dame T (ceased 07/12/2017), Hoiles J (ceased 07/12/2017)
Partnering with Consumer Advisory Group	18	Ashley I, Ball R , Barrington D (ceased 22/08/2017), Buer S, Byrne J, Christensen C (ceased 13/02/2018), Dame T (ceased 31/12/2017), Davies S (ceased 13/02/2018), Goodwin M, Hoiles J (ceased 31/12/2017), Kerrins E, King P (ceased 31/10/2017), Kitchener S, Klinge N (Chair) (ceased 31/12/2017), Lemmer C (ceased 31/12/2017), Mannion J (ceased 31/12/2017), McInerney M (ceased 13/02/2018), Milne A, Pascoe P (appointed 01/01/2018), Voss D (ceased 31/12/2017), Wolverson S (ceased 31/12/2017)
Pre-Operative Assessment for Adult Elective Surgery Steering Committee - the Department	16	Whiteway L
Royal Adelaide Hospital Consumer Advisory Group	-	Anderson R, Bah S, Chester M (Chair), Cocking M, Neale D, O'Brien S, Price J, Priest C
SA Ambulance Service Finance Committee	7	
SA Ambulance Service Risk Management and Audit Committee	-	Beilby J Professor, Sneddon Y (Chair), Taylor B (Resigned 31 December 2017)

THE DEPARTMENT FOR HEALTH AND WELLBEING
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Board/committee name:	Government employee members*	Other members
SA Cancer Service - Strategic Committee	10	Beecher I, Christensen C, Frank O Dr, Davis L, Eckert M (Chair), Mitchell A, Olver I, Smith A Dr, Sparrow A
SA Chemotherapy Standards Reference Group	24	Christensen C
SA Health Consumer Initiated Escalation of Care LHN Advisory Group (this is a new committee and all members were appointed on 01/01/2018) - the Department	12	Kerrins E, and Voss D
SA Health Disease Prevention, Health Promotion and Population Health Committee (this is a new committee and all members were appointed on 01/11/2017) - the Department	4	Becker H Dr, Beckoff M Dr, Byrne D Dr, Johns R Dr, Johnson D Dr, Hayward K Dr, Lewis S Dr, Miller B, Moy C Dr, Smith A, Von Blanckensee D, Woodall J Dr, and Young E
SA Partnering with Consumers and the Community Advisory Group - the Department	19	Aguis H, Ball T, Blackwell P, Chester M, Cousins M (Co-Chair, resigned 08/12/2017), Fyfe D, Hoiles J, Huber N (resigned 18/12/2017), Isemonger J (resigned 31/07/2017), Lampard F, McArdle D (appointed 07/02/2018), Tully S and Walford L
SA Policy Advisory Committee on Technology - the Department	18	Cousins M (resigned 08/12/2017), Merlin T Prof (resigned 01/12/2017), Mussared A, and Ratcliffe J Prof
SADS Consumer Advisory Committee	-	Beddall P, Brown B, Brown M, Costa D, Dobie K (resigned 28/02/2018), Matiasz S, McMahon J (Chair), Miller P, Priest S, Zema J
South Australian Formulary Committee - the Department	19	Whiteway L
South Australian Medical Education and Training Health Advisory Council - the Department	19	Beckoff M Dr, Boumelha P E/Prof (appointed 01/01/2018), Burt A Prof, Chen M (appointed 10/05/2018), McManis S (appointed 10/05/2018) and Schmidt L Dr (appointed 10/05/2018)
South Australian Medical Education and Training Health Advisory Council Accreditation Committee - the Department	13	Boumelha P E/Prof. (chair, appointed 11/01/2018) and Kuruppu P Dr (appointed 01/02/2018)
South Australian Medicines Advisory Committee - the Department	21	Cousins M (resigned 08/12/2017), Kardachi G, Lee D (appointed 10/11/2017), Stocks N Prof, Tonkin A E/Prof (Chair, resigned 04/10/2017) and Thynne T Dr
South Australian Medicines Evaluation Panel - the Department	14	Cousins M (resigned 09/08/2017), Merlin T Prof, Louise J Dr, Mussared A, Schubert C, and Ward M Dr

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Board/committee name:	Government employee members*	Other members
South Australian Public Health Council - the Department	4	Burke C (resigned 11/03/2018), Davidson J (resigned 26/06/2018), Dollman J, Hill A, Mangos A, Mavrinac G (resigned 11/03/2018), Skene C, Van Kessel A, and Whittington S
Southern Adelaide Clinical Human Research Ethics Committee	22	Barr C, Benjamin S (ceased 21/08/2017), Berg M (appointed 23/08/2017), Bradshaw A, Breaden K, Cohen M (appointed 27/10/2017), Docherty J (ceased 09/08/2017), Dykes L (appointed 27/10/2017), Hackett J, Hattam V, Kemp C (appointed 29/11/2017), Kimber A, Lange B (appointed 23/08/2017), Lister C (appointed 27/10/2017), Lower K (appointed 23/08/2017), Martini J, McEvoy M, Meng R, Nguyen A (appointed 23/08/2017), Richards B (Chair), Sharma S (appointed 23/08/2017), Sinha R (appointed 27/10/2017), Voss D, Were L, Westwood T (appointed 27/10/2017), Yip L (appointed 27/10/2017), Zhou Y
Southern Adelaide Local Health Network Audit & Risk Management Committee	-	Dreckow J (ceased 19/06/2017), Hislop R, Stubbs T (Chair), Taylor M (ceased 21/05/2018), Hasslam R (appointed 01/07/2017)
Southern Adelaide Local Health Network Clinical Council	33	Tellis N (appointed 31/01/2018), Voss D
Southern Adelaide Local Health Network Clinical Handover Steering Committee)	20	Dame T
Southern Adelaide Local Health Network Community Mental Health Governance Committee (Established 29/01/2018)	20	Hoiles J (appointed 28/03/2018), King P (appointed 28/03/2018)
Southern Adelaide Local Health Network Community Mental Health Model of Care Expert Advisory Group (Established 26/03/2018)	15	Braund S (appointed 11/04/2018), King P (appointed 11/04/2018), Mausolf J (appointed 11/04/2018)
Southern Adelaide Local Health Network Drugs and Therapeutics Committee	25	Barrington D
Southern Adelaide Local Health Network End of Life Steering Committee (Established 01/11/2017)	26	Ferguson J, Levins B
Southern Adelaide Local Health Network Falls Prevention Management Committee	43	Cohen M
Southern Adelaide Local Health Network Health Advisory Council Incorporated	-	Barrington D (appointed 01/07/2017), Bishop R (appointed 01/07/2017), Francis A (appointed 01/07/2017), Hislop R (chair) (appointed 01/07/2017), Pienaar K (appointed 01/07/2017), Williams H (ceased 30/06/2017), Williams S (appointed 01/07/2017), Wilson B (appointed 01/07/2017) (ceased 03/05/2018)
Southern Adelaide Local Health Network Inner South Mental Health Consumer Carer Advisory Group	3	English L, Hofhuis C, Pearson M, Police D

THE DEPARTMENT FOR HEALTH AND WELLBEING
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Board/committee name:	Government employee members*	Other members
Southern Adelaide Local Health Network New Technology and Clinical Practice Innovation Committee	12	Kaambwa B, King P (appointed 01/12/2017)
Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group	2	Adamson M, Ainsley J, Andrew G, Anthony P, Hunt G, Oko J, Oko R, Schetters J, Shepherd K
Southern Mental Health Clinical Governance Committee	2	Bower T, Buer S, Hayes B, Hofhius C, Quirk M
Statewide Clinical Support Services Risk Management & Audit Committee	4	Christley S Dr, Davies T (Chair)
Statewide Paediatric Surgical Services Project Board (this is a new committee and all members were appointed on 05/05/2018 unless otherwise specified) - the Department	9	Bedford V (appointed 31/05/2018) and Glastonbury S (appointed 31/05/2018)
Statewide Rehabilitation Implementation Oversight Committee - the Department	20	Fyfe D
Strategic Mental Health Quality Improvement Committee	13	Camilleri C
The BIRCH (Brain Injury Rehabilitation, Community and Home) Consumer Advisory Group	3	Angel D (Resigned 14/12/2017), Canavan D (Chair), Chumba B, Dwyer A (resigned 08/02/2018), Francese L (appointed 14/06/2018), Miller L (appointed 12/10/2017), Morgan T, Stewart L
The Queen Elizabeth Consumer Advisory Group	-	Byrne K, Chester M, Curry M (Chair), Duffy L, Garth S, Heydrich S, McMahon J, Raschella F
Transforming Health - Frailty Expert Working Group - the Department	22	Byrne L, Clark S, Considine G, Del Fante P Dr, Gordon S, Holland M, Moy C Dr, and Mussared J
Transforming Health Peak Consumer & Community Committee (this committee ceased on 30/09/2017) - the Department	-	Beecher I, Burgess A, Castle V, Cousins M (Chair), Cudzow M, Ferguson J, Fyfe D, Gregurke K, Kyriazopoulos H, Lemmer C, Patching A, Smith A, Voss D, Whiteway L, and Woodforde L
Viral Hepatitis Model of Care Reference Group - the Department	24	Beecher I, Lallard J, Larkin M, Oliver-Landry E Dr (appointed 02/11/2017), Oudih E, Paterson K, Warneke-Arnold D, Williams E (appointed 02/11/2017) and Wurm C Dr (appointed 02/11/2017)
Women's and Children's Health Network Advisory Council Incorporated	2	Buckerfield M, Cadzow M, Marshall H Prof (appointed 01/07/2017), Wallace M (Chair), Wigg N Dr
Women's and Children's Health Network Audit and Risk Committee	2	Connor G (Chair), Haslam R, McDougall E (appointed 14/12/2017), Sweet C, Wigg N Dr

**THE DEPARTMENT FOR HEALTH AND WELLBEING
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For the year ended 30 June 2018**

Board/committee name:	Government employee members*	Other members
Youth Cancer Advisory Group	1	Armstrong N, Binns T, Contibas M, Fenton R, Fowler N, Hadaway S, Haseloff M, Mitra D, Ryan B

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

	2018	2017
	No. of Members	No. of Members
\$0	832	693
\$1 - \$9,999	200	193
\$10,000 - \$19,999	16	19
\$20,000 - \$29,999	9	4
\$40,000 - \$49,999	-	2
Total	1,057	911

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.739 million (\$0.734 million).

* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

40. Schedules of administered items

40.1 Basis of preparation

The basis of preparation for the schedule of administered items is the same as the basis outlined in note 1.

40.2 Categories of administered items

Special Acts administered items include the following:

- Minister for Health and Wellbeing's salary and allowances and revenues from SA Government received/receivable for these expenses.
- Health and Community Services Complaints Commissioner's remuneration and revenues from SA Government received/receivable for these expenses.

Health and Medical Research Fund (HMRF) represents royalty income received from commercialisation of intellectual property and contribution of funds for the purposes of health and medical research in South Australia.

Private Practice represents funds billed on behalf of salaried medical officers and subsequently distributed to the LHNs and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

Other administered items include the following:

- Consumer funds - represents funds held by the LHNs on behalf of consumers that reside in LHN facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. The LHNs perform only a custodial role in respect of these funds;
- SA Medical Boards;
- Research;
- Nurses education;
- Fund raising; and
- Strata Corp.

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

40.3 Administered items - budgetary reporting

Budget information for Special Acts and HMRF is presented to Parliament; 2017-18 Budget Paper 4 includes a statement of comprehensive income for administered items for the Department. The budget process is not subject to audit.

There was a notable variance for HMRF; actual grants and subsidies expenses exceeded the original budget by \$8.457 million. This variance is attributable to timing of the executed deed and first payment of funds, from commercialisation of intellectual property, to South Australian Health and Medical Research Institute Foundation Limited.

40.4 Administered contingent assets and liabilities

The Consolidated Entity has no administered contingent assets and liabilities.

THE DEPARTMENT FOR HEALTH AND WELLBEING
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For the year ended 30 June 2018

40.5 Schedules of administered items

	Special Acts		HMRF		Private Practice		Other		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Schedule of Administered Expenses and Income</u>										
<u>Administered expenses</u>										
Employee benefits expenses	504	447	-	-	-	-	223	268	727	715
Supplies and services	1	2	-	-	(594)	(1,802)	199	184	(394)	(1,616)
Grants and subsidies	-	-	14,702	150	-	-	-	-	14,702	150
Depreciation expense	-	-	-	-	-	-	3	1	3	1
Other expenses	-	-	-	-	97,109	87,103	1,483	998	98,592	88,101
Total Administered expenses	505	449	14,702	150	96,515	85,301	1,908	1,451	113,630	87,351
<u>Administered income</u>										
Revenues from SA Government	505	449	-	-	-	-	-	-	505	449
Grants and contributions	-	-	-	-	-	-	-	31	-	31
Revenues from fees and charges	-	-	-	-	96,563	82,791	614	171	97,177	82,962
Interest revenues	-	-	-	-	-	-	3	2	3	2
Other revenues	-	-	3,604	3,947	666	2	2,703	836	6,973	4,785
Total Administered income	505	449	3,604	3,947	97,229	82,793	3,320	1,040	104,658	88,229
Net result	-	-	(11,098)	3,797	714	(2,508)	1,412	(411)	(8,972)	878
<u>Schedule of Administered Assets and Liabilities</u>										
<u>Administered current assets</u>										
Cash and cash equivalents	(49)	(34)	10,280	21,222	8,946	8,690	544	879	19,721	30,757
Receivables	49	36	833	989	7,513	6,585	66	31	8,461	7,641
Total Administered current assets	-	2	11,113	22,211	16,459	15,275	610	910	28,182	38,398
<u>Administered non-current assets</u>										
Property, plant and equipment	-	-	-	-	-	-	38	41	38	41
Total Administered non-current assets	-	-	-	-	-	-	38	41	38	41
Total administered assets	-	2	11,113	22,211	16,459	15,275	648	951	28,220	38,439
<u>Administered current liabilities</u>										
Payables	-	2	-	-	5,745	5,409	99	54	5,844	5,465
Employee benefits	-	-	-	-	-	-	-	24	-	24
Other current provisions/liabilities	-	-	-	-	(9)	41	38	-	29	41
Total Administered current liabilities	-	2	-	-	5,736	5,450	137	78	5,873	5,530
<u>Administered non-current liabilities</u>										
Employee benefits	-	-	-	-	-	-	-	30	-	30
Total Administered non-current liabilities	-	-	-	-	-	-	-	30	-	30
Total administered liabilities	-	2	-	-	5,736	5,450	137	108	5,873	5,560
Net administered assets	-	-	11,113	22,211	10,723	9,825	511	843	22,347	32,879

THE DEPARTMENT FOR HEALTH AND WELLBEING
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Schedule of Administered Changes in Equity

	Total 2018 \$'000	Total 2017 \$'000
Balance at the beginning of the reporting period	31,319	30,441
Net result	(8,972)	878
Total comprehensive result for the period	(8,972)	878
Balance at the end of the reporting period	22,347	31,319

Schedule of Administered Cash Flows

	Total 2018 \$'000	Total 2017 \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
Grants and contributions	-	51
Receipts from SA Government	492	450
Fees and charges	96,182	83,701
Interest revenues	3	2
Other revenues	5,453	4,749
Total Cash inflows	102,130	88,953
Cash outflows		
Employee benefits payments	790	773
Grants and subsidies	14,702	150
Supplies and services	(402)	(1,565)
Other payments	98,076	85,920
Total Cash outflows	113,166	85,278
Net cash inflows/cash outflows from operating activities	(11,036)	3,675
<u>Cash flows from investing activities</u>		
Cash outflows		
Payments for property plant and equipment	-	42
Total Cash outflows	-	42
Net cash inflows/cash outflows from investing activities	-	(42)
Net increase/(decrease) in cash held	(11,036)	3,633
Cash at the beginning of the reporting period	30,757	27,124
Cash at the end of the reporting period	19,721	30,757