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## To the Board Chair Eyre and Far North Local Health Network Incorporated

### Opinion

I have audited the financial report of the Eyre and Far North Local Health Network Incorporated and the consolidated entity comprising the Eyre and Far North Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Eyre and Far North Local Health Network Incorporated and its controlled entities as at 30 June 2022, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the 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 Eyre and Far North Local Health Network Incorporated and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Eyre and Far North Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2022.

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

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

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

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

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

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



Andrew Richardson  
**Auditor-General**

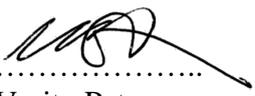
20 September 2022

**Certification of the financial statements  
Eyre and Far North Local Health Network**

We certify that the:

- financial statements of the Eyre and Far North Local Health Network Inc.:
  - are in accordance with the accounts and records of the authority; and
  - comply with relevant Treasurer’s instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
  
- Internal controls employed by the Eyre and Far North Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

  
.....  
Michele Smith  
Board Chair

  
.....  
Verity Paterson  
Chief Executive Officer

  
.....  
Hudson Vasconcelos Vieira  
Chief Finance Officer

Date 14/09/2022.....

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2022**

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income</b>					
Revenues from SA Government	2	98,707	86,629	98,707	86,629
Fees and charges	3	10,630	10,382	10,630	10,382
Grants and contributions	4	27,756	26,755	27,781	26,793
Interest		53	111	52	107
Resources received free of charge	5	1,482	1,519	1,482	1,519
Other revenues/income	7	1,955	1,042	1,945	1,044
<b>Total income</b>		<b>140,583</b>	<b>126,438</b>	<b>140,597</b>	<b>126,474</b>
<b>Expenses</b>					
Staff benefits expenses	8	76,376	72,893	76,376	72,893
Supplies and services	9	62,374	49,078	62,375	49,082
Depreciation and amortisation	16,17	7,189	7,094	4,035	4,041
Grants and subsidies	10	1,515	1,946	1,514	1,945
Borrowing costs	20	10	14	10	14
Net loss from disposal of non-current and other assets	6	-	16	-	16
Impairment loss on receivables	13.1	(277)	171	(277)	171
Other expenses	11	452	264	2,907	264
<b>Total expenses</b>		<b>147,639</b>	<b>131,476</b>	<b>146,940</b>	<b>128,426</b>
<b>Net result</b>		<b>(7,056)</b>	<b>(5,038)</b>	<b>(6,343)</b>	<b>(1,952)</b>
<b>Total comprehensive result</b>		<b>(7,056)</b>	<b>(5,038)</b>	<b>(6,343)</b>	<b>(1,952)</b>

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

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30 June 2022**

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	12	10,370	9,870	10,096	9,596
Receivables	13	4,282	3,030	4,291	3,031
Other financial assets	14	18,394	17,351	17,917	16,868
Inventories	15	1,540	1,247	1,540	1,247
<b>Total current assets</b>		<b>34,586</b>	<b>31,498</b>	<b>33,844</b>	<b>30,742</b>
<b>Non-current assets</b>					
Receivables	13	397	249	397	249
Other financial assets	14	70	70	-	-
Property, plant and equipment	16,17	136,093	141,242	75,349	79,799
<b>Total non-current assets</b>		<b>136,560</b>	<b>141,561</b>	<b>75,746</b>	<b>80,048</b>
<b>Total assets</b>		<b>171,146</b>	<b>173,059</b>	<b>109,590</b>	<b>110,790</b>
<b>Current liabilities</b>					
Payables	19	6,303	4,031	6,303	4,031
Financial liabilities	20	247	283	247	283
Staff benefits	21	10,479	9,327	10,479	9,327
Provisions	22	638	500	638	500
Contract liabilities and other liabilities	23	19,126	16,828	19,126	16,828
<b>Total current liabilities</b>		<b>36,793</b>	<b>30,969</b>	<b>36,793</b>	<b>30,969</b>
<b>Non-current liabilities</b>					
Payables	19	391	427	391	427
Financial liabilities	20	408	541	408	541
Staff benefits	21	9,397	10,779	9,397	10,779
Provisions	22	1,529	659	1,529	659
<b>Total non-current liabilities</b>		<b>11,725</b>	<b>12,406</b>	<b>11,725</b>	<b>12,406</b>
<b>Total liabilities</b>		<b>48,518</b>	<b>43,375</b>	<b>48,518</b>	<b>43,375</b>
<b>Net assets</b>		<b>122,628</b>	<b>129,684</b>	<b>61,072</b>	<b>67,415</b>
<b>Equity</b>					
Retained earnings		106,543	113,599	61,072	67,415
Asset revaluation surplus		16,085	16,085	-	-
<b>Total equity</b>		<b>122,628</b>	<b>129,684</b>	<b>61,072</b>	<b>67,415</b>

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

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2022**

**CONSOLIDATED**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2020</b>	<b>16,085</b>	<b>118,637</b>	<b>134,722</b>
<b>Net result for 2020-21</b>	-	<b>(5,038)</b>	<b>(5,038)</b>
<b>Total comprehensive result for 2020-21</b>	-	<b>(5,038)</b>	<b>(5,038)</b>
<b>Balance at 30 June 2021</b>	<b>16,085</b>	<b>113,599</b>	<b>129,684</b>
<b>Net result for 2021-22</b>	-	<b>(7,056)</b>	<b>(7,056)</b>
<b>Total comprehensive result for 2021-22</b>	-	<b>(7,056)</b>	<b>(7,056)</b>
<b>Balance at 30 June 2022</b>	<b>16,085</b>	<b>106,543</b>	<b>122,628</b>

**PARENT**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2020</b>	-	<b>69,367</b>	<b>69,367</b>
<b>Net result for 2020-21</b>	-	<b>(1,952)</b>	<b>(1,952)</b>
<b>Total comprehensive result for 2020-21</b>	-	<b>(1,952)</b>	<b>(1,952)</b>
<b>Balance at 30 June 2021</b>	-	<b>67,415</b>	<b>67,415</b>
<b>Net result for 2021-22</b>	-	<b>(6,343)</b>	<b>(6,343)</b>
<b>Total comprehensive result for 2021-22</b>	-	<b>(6,343)</b>	<b>(6,343)</b>
<b>Balance at 30 June 2022</b>	-	<b>61,072</b>	<b>61,072</b>

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

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2022**

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<b>Cash inflows</b>					
Receipts from SA Government		82,569	71,948	82,569	71,948
Fees and charges		9,517	13,923	9,509	13,992
Grants and contributions		27,870	26,769	27,895	26,807
Interest received		27	65	27	62
Residential aged care bonds received		6,130	2,408	6,130	2,408
GST recovered from ATO		3,784	2,915	3,784	2,915
Other receipts		10	60	-	53
<b>Cash generated from operations</b>		<b>129,907</b>	<b>118,088</b>	<b>129,914</b>	<b>118,185</b>
<b>Cash outflows</b>					
Staff benefits payments		(75,513)	(72,453)	(75,513)	(72,453)
Payments for supplies and services		(47,096)	(37,064)	(47,097)	(37,131)
Payments of grants and subsidies		(825)	(1,371)	(824)	(1,370)
Interest paid		(10)	(14)	(10)	(14)
Residential aged care bonds refunded		(3,794)	(2,355)	(3,794)	(2,355)
Other payments		(472)	(243)	(472)	(241)
<b>Cash used in operations</b>		<b>(127,710)</b>	<b>(113,500)</b>	<b>(127,710)</b>	<b>(113,564)</b>
<b>Net cash provided by operating activities</b>		<b>2,197</b>	<b>4,588</b>	<b>2,204</b>	<b>4,621</b>
<b>Cash flows from investing activities</b>					
<b>Cash inflows</b>					
Proceeds from sale/maturities of investments		1,307	763	1,300	760
<b>Cash generated from investing activities</b>		<b>1,307</b>	<b>763</b>	<b>1,300</b>	<b>760</b>
<b>Cash outflows</b>					
Purchase of property, plant and equipment		(334)	(555)	(334)	(554)
Purchase of investments		(2,330)	(300)	(2,330)	(300)
<b>Cash used in investing activities</b>		<b>(2,664)</b>	<b>(855)</b>	<b>(2,664)</b>	<b>(854)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,357)</b>	<b>(92)</b>	<b>(1,364)</b>	<b>(94)</b>
<b>Cash outflows</b>					
Repayment of lease liabilities		(340)	(368)	(340)	(368)
<b>Cash used in financing activities</b>		<b>(340)</b>	<b>(368)</b>	<b>(340)</b>	<b>(368)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(340)</b>	<b>(368)</b>	<b>(340)</b>	<b>(368)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>500</b>	<b>4,128</b>	<b>500</b>	<b>4,159</b>
Cash and cash equivalents at the beginning of the period		9,870	5,742	9,596	5,437
<b>Cash and cash equivalents at the end of the period</b>	12	<b>10,370</b>	<b>9,870</b>	<b>10,096</b>	<b>9,596</b>
Non-cash transactions	24				

The accompanying notes form part of these financial statements.

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2022**

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## **1. About Eyre and Far North Local Health Network**

Eyre and Far North Local Health Network Incorporated (Hospital) is a not-for-profit incorporated hospital established under the *Health Care Act 2008* (the Act). The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements and accompanying notes include all controlled activities of the Hospital.

### *Parent Entity*

The Parent Entity consists of the following:

- Port Lincoln Hospital – Health Services
- Ceduna Multi Purpose Site (MPS) – Hospital and Aged Care
- Cleve Multi Purpose Site (MPS) – Hospital and Aged Care
- Cowell Multi Purpose Site (MPS) – Hospital and Aged Care
- Coober Pedy Multi Purpose Site (MPS) – Hospital and Aged Care
- Cummins Multi Purpose Site (MPS) – Hospital and Aged Care 1
- Elliston Multi Purpose Site (MPS) – Hospital and Aged Care 1
- Kimba Multi Purpose Site (MPS) – Hospital and Aged Care
- Streaky Bay Multi Purpose Site (MPS) – Hospital and Aged Care
- Tumby Bay Multi Purpose Site (MPS) – Hospital and Aged Care
- Wudinna Multi Purpose Site (MPS) – Hospital and Aged Care
- Oodnadatta Health Service
- Ceduna, Cleve, Kimba Independent Living Units
- Ceduna Family Medical Practice, Mid Eyre Medical Practice and Coober Pedy Medical Practice

### *Consolidated Entity*

The Consolidated entity includes the Parent entity, the Incorporated Health Advisory Councils (HACs) and the Incorporated HAC Gift Fund Trusts (GFTs) as listed in note 32.

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

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

### *Administered items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in Note 33. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting principles as for the Hospital's transactions.

#### **1.1 Objectives and activities**

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for the Eyre and Far North region.

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

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

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

#### **1.2 Basis of preparation**

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

- section 23 of the *Public Finance and Audit Act 1987*;

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2022**

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

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

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

### **1.3 New and amended standards adopted by the Hospital**

The Hospital has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the Hospital's financial statements.

### **1.4 Taxation**

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

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

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

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

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

### **1.5 Continuity of operations**

As at 30 June 2022, the Hospital had working capital surplus of \$2.207 million (\$0.529 million). The SA Government is committed and has consistently demonstrated a commitment to ongoing funding of the Hospital to enable it to perform its functions. This ongoing commitment is ultimately outlined in the annually produced and published State Budget Papers which presents the SA Government's current and estimated future economic performance, including forward estimates of revenue, expenses and performance by Agency.

### **1.6 Equity**

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

### **1.7 Changes to reporting entity**

#### **2021-22**

On 27 May 2021 the Minister declared the incorporation of Far North Health Advisory Council and Port Lincoln Health Advisory Council. These were previously unincorporated HACs with their net assets vested in Country Health Gift Fund Health Advisory Council Inc and its associated Gift Fund Trust.

There were no net assets to transfer to the Hospital for the two newly incorporated HACs and the transfer of the net assets of their associated Gift Fund Trusts is expected to be finalised in 2022-23.

#### **2020-21**

There were no administrative restructures impacting on the reporting entity during this period.

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2022**

**1.8 Impact of COVID-19 pandemic on the Hospital**

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital was \$8.326 million (\$2.600 million).

**1.9 Change in accounting policy**

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

**2. Revenues from SA Government**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	2,443	2,368	2,443	2,368
Operational funding	96,264	84,261	96,264	84,261
<b>Total revenues from SA Government</b>	<b>98,707</b>	<b>86,629</b>	<b>98,707</b>	<b>86,629</b>

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

**3. Fees and charges**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Patient and client fees	2,599	2,911	2,599	2,911
Fees for health services	862	887	862	887
Residential and other aged care charges	3,656	3,540	3,656	3,540
Sale of goods - medical supplies	256	14	256	14
Other user charges and fees	3,257	3,030	3,257	3,030
<b>Total fees and charges</b>	<b>10,630</b>	<b>10,382</b>	<b>10,630</b>	<b>10,382</b>

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

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 23).

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

*Patient and Client Fees*

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

*Residential and other aged care charges*

Long stay nursing home fees include daily care fee and daily accommodation fees. Residents pay fortnightly in arrears for services rendered and accommodation supplied. Any amounts remaining unpaid or unbilled at the end of the reporting period are treated as an accounts receivable.

*Fees for Health Services*

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

**EYRE AND FAR NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2022**

**4. Grants and contributions**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	22,325	21,822	22,325	21,822
Other SA Government grants and contributions	1,010	1,029	1,035	1,067
Private sector grants and contributions	4,421	3,904	4,421	3,904
<b>Total grants and contributions</b>	<b>27,756</b>	<b>26,755</b>	<b>27,781</b>	<b>26,793</b>

The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. All grants and contributions received were provided for specific purposes such as aged care, community health services and other related health services.

**5. Resources received free of charge**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Plant and equipment	-	65	-	65
Services	1,482	1,454	1,482	1,454
<b>Total resources received free of charge</b>	<b>1,482</b>	<b>1,519</b>	<b>1,482</b>	<b>1,519</b>

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable from Shared Services SA free of charge valued at \$1.099 million (\$1.080 million) and ICT services valued at \$0.383 million (\$0.374 million) from the Department of the Premier and Cabinet (DPC).

Although not recognised, the Hospital receives volunteer services from around 40 volunteers who provide patient and staff support services to individuals using the Hospital's services. The services include but are not limited to patient liaison and support, administrative support, transport, community activities, gardening, kiosks and community advocacy.

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

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Less carrying amount of assets disposed	-	(16)	-	(16)
<b>Net gain/(loss) from disposal of assets</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>(16)</b>

**7. Other revenues/income**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Donations	17	10	7	7
Health recoveries	1,872	917	1,872	917
Insurance recoveries	15	107	15	107
Other	51	8	51	13
<b>Total other revenues/income</b>	<b>1,955</b>	<b>1,042</b>	<b>1,945</b>	<b>1,044</b>

**8. Staff benefits expenses**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	61,607	58,975	61,607	58,975
Targeted voluntary separation packages	185	-	185	-
Long service leave	(49)	812	(49)	812
Annual leave	5,941	5,530	5,941	5,530
Skills and experience retention leave	272	206	272	206
Staff on-costs - superannuation*	6,738	6,239	6,738	6,239
Workers compensation	1,436	969	1,436	969
Board and committee fees	243	175	243	175
Other staff related expenses	3	(13)	3	(13)
<b>Total staff benefits expenses</b>	<b>76,376</b>	<b>72,893</b>	<b>76,376</b>	<b>72,893</b>

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

**8.1 Key Management Personnel**

Key management personnel (KMP) of the consolidated and parent entity includes the Minister, the seven members (six members) of the Governing Board and the Chief Executive of the Department, who have responsibility for the strategic direction, Chief Executive Officer of the Hospital and the twelve members (twelve members) of the Executive Management Group who have responsibility for the day to day operations of the Hospital.

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

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

<b>Compensation</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short-term employee benefits	1,842	1,720
Post-employment benefits	336	192
Other long-term employment benefits	14	-
<b>Total</b>	<b>2,192</b>	<b>1,912</b>

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

**8.2 Remuneration of Boards and Committees**

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

	<b>2022</b>	<b>2021</b>
	<b>No. of</b>	<b>No. of</b>
	<b>Members</b>	<b>Members</b>
\$1 - \$20,000	3	3
\$20,001 - \$40,000	6	5
\$40,001 - \$60,000	1	1
<b>Total</b>	<b>10</b>	<b>9</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax paid. The total remuneration received or receivable by members was \$0.252 million (\$0.192 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.

Refer to note 34 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

**8.3 Remuneration of staff**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
The number of staff whose remuneration received or receivable falls within the following bands:				
\$154,001 - \$157,000*	n/a	2	n/a	2
\$157,001 - \$177,000	7	6	7	6
\$177,001 - \$197,000	5	2	5	2
\$197,001 - \$217,000	-	1	-	1
\$217,001 - \$237,000	1	1	1	1
\$457,001 - \$477,000	1	1	1	1
<b>Total number of staff</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>13</b>

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The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any related fringe benefits tax.

\*The \$154,001 to \$157,000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

**8.4 Remuneration of staff by classification**

The total remuneration received by staff included above:

	Consolidated				Parent			
	2022		2021		2022		2021	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	1	236	1	232	1	236	1	232
Medical (excluding Nursing)	1	478	1	448	1	478	1	448
Non-medical (i.e. administration)	2	346	-	-	2	346	-	-
Nursing	10	1,735	11	1,871	10	1,735	11	1,871
<b>Total</b>	<b>14</b>	<b>2,795</b>	<b>13</b>	<b>2,551</b>	<b>14</b>	<b>2,795</b>	<b>13</b>	<b>2,551</b>

**8.5 Targeted voluntary separation packages**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amount paid/Payable to separated staff:				
Targeted voluntary separation packages	185	-	185	-
Leave paid/payable to separated employees	157	-	157	-
<b>Net cost to the Hospital</b>	<b>342</b>	<b>-</b>	<b>342</b>	<b>-</b>

The number of staff who received a TVSP during the reporting period	4	-	4	-
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**9. Supplies and services**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Administration	151	154	151	154
Advertising	47	48	47	48
Communication	798	733	798	733
Computing	2,015	1,842	2,015	1,842
Consultants	47	92	47	92
Contract of services	6,406	5,412	6,406	5,412
Contractors	93	166	93	166
Contractors - agency staff	4,973	1,632	4,973	1,632
Drug supplies	1,069	1,056	1,069	1,056
Electricity, gas and fuel	1,641	1,609	1,641	1,609
Fee for service*	17,416	12,643	17,416	12,643
Food supplies	1,491	1,459	1,491	1,459
Hotel quarantine - accommodation costs	2	-	2	-
Housekeeping	629	527	629	527
Insurance	1,097	1,058	1,097	1,058
Internal SA Health SLA payments	6,115	4,006	6,115	4,006
Legal	45	21	45	21
Medical, surgical and laboratory supplies	6,529	5,070	6,529	5,070
Minor equipment	1,416	1,052	1,416	1,052
Motor vehicle expenses	385	268	385	268
Occupancy rent and rates	463	476	463	476
Patient transport	523	1,398	523	1,398
Postage	229	199	229	199
Printing and stationery	386	403	386	403
Repairs and maintenance**	4,277	4,040	4,277	4,040
Security	221	234	221	234
Services from Shared Services SA	1,101	1,081	1,101	1,081
Short term lease expense	173	122	173	122
Training and development	249	149	249	149
Travel expenses	1,127	1,154	1,127	1,154
Other supplies and services	1,260	974	1,261	978
<b>Total supplies and services</b>	<b>62,374</b>	<b>49,078</b>	<b>62,375</b>	<b>49,082</b>

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\*Fee for Service primarily relates to medical services provided by doctors not employed by the Hospital.

\*\* Repairs and Maintenance includes \$2.515 million of significant transactions with the Department for Infrastructure and Transport (DIT). (Note 31)

The Hospital recognises lease payments associated with short term leases (12 months or less) as an expense on a straight-line basis over the lease term. Lease commitments for short term leases is similar to short term lease expenses disclosed.

**Consultants**

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

	Consolidated				Parent			
	2022		2021		2022		2021	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	2	7	1	8	2	7	1	8
Above \$10,000	1	40	3	84	1	40	3	84
<b>Total</b>	<b>3</b>	<b>47</b>	<b>4</b>	<b>92</b>	<b>3</b>	<b>47</b>	<b>4</b>	<b>92</b>

**10. Grants and subsidies**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Funding to non-government organisations	778	1,245	778	1,245
Other	737	701	736	700
<b>Total grants and subsidies</b>	<b>1,515</b>	<b>1,946</b>	<b>1,514</b>	<b>1,945</b>

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

**11. Other expenses**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Debts written off	332	71	332	71
Bank fees and charges	7	4	7	4
Donated assets expense	-	35	2,455	35
Other*	113	154	113	154
<b>Total other expenses</b>	<b>452</b>	<b>264</b>	<b>2,907</b>	<b>264</b>

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

\* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.075 million (\$0.080 million). No other services were provided by the Auditor-General's Department. Payments to Galpins Accountants Auditors and Business Consultants of \$0.034 million (\$0.033 million) for the audit of HAC's and Aged Care.

**12. Cash and cash equivalents**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	4,835	3,555	4,561	3,281
Deposits with Treasurer: general operating	5,535	6,315	5,535	6,315
<b>Total cash and cash equivalents</b>	<b>10,370</b>	<b>9,870</b>	<b>10,096</b>	<b>9,596</b>

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the \$10.370 million (\$9.870 million) held, \$2.189 million (\$1.068 million) relates to aged care refundable deposits.

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**13. Receivables**

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>					
Patient/client fees: compensable		152	221	152	221
Patient/client fees: aged care		129	294	129	294
Patient/client fees: other		67	326	67	326
Debtors		527	363	528	363
Less: allowance for impairment loss on receivables	13.1	(231)	(508)	(231)	(508)
Prepayments		85	61	85	61
Interest		19	13	19	13
Workers compensation provision recoverable		191	146	191	146
Sundry receivables and accrued revenue		3,229	2,038	3,237	2,039
GST input tax recoverable		114	76	114	76
<b>Total current receivables</b>		<b>4,282</b>	<b>3,030</b>	<b>4,291</b>	<b>3,031</b>
<b>Non-current</b>					
Debtors		35	13	35	13
Workers compensation provision recoverable		362	236	362	236
<b>Total non-current receivables</b>		<b>397</b>	<b>249</b>	<b>397</b>	<b>249</b>
<b>Total receivables</b>		<b>4,679</b>	<b>3,279</b>	<b>4,688</b>	<b>3,280</b>

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

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

**13.1 Impairment of receivables**

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

Movement in the allowance for impairment of receivables:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Carrying amount at the beginning of the period</b>	<b>508</b>	<b>337</b>	<b>508</b>	<b>337</b>
Increase/(Decrease) in allowance recognised in profit or loss	(277)	171	(277)	171
<b>Carrying amount at the end of the period</b>	<b>231</b>	<b>508</b>	<b>231</b>	<b>508</b>

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

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**14. Other financial assets**

	Consolidated		Parent	
	2022	2021	2022	2021
Current	\$'000	\$'000	\$'000	\$'000
Term deposits	18,394	17,351	17,917	16,868
<b>Total current investments</b>	<b>18,394</b>	<b>17,351</b>	<b>17,917</b>	<b>16,868</b>
<b>Non-current</b>				
Joint venture	70	70	-	-
<b>Total non-current investments</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>18,464</b>	<b>17,421</b>	<b>17,917</b>	<b>16,868</b>

The Hospital holds term deposits of \$18.394 million (\$17.351 million) of which \$10.451 million (\$9.811 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

The Hospital has a 12.28% equity interest in property at Whyte Street, Cleve in the State of South Australia by way of a mortgage on certificate of title volume 5902 folio 901. The registered proprietor of the property is Cornerstone Housing Ltd, formerly Lutheran Community Housing Support Unit Inc.

**15. Inventories**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Drug supplies	402	314	402	314
Medical, surgical and laboratory supplies	972	787	972	787
Food and hotel supplies	122	111	122	111
Engineering supplies	1	1	1	1
Other	43	34	43	34
<b>Total current inventories - held for distribution</b>	<b>1,540</b>	<b>1,247</b>	<b>1,540</b>	<b>1,247</b>

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

**16. Property, plant and equipment**

**16.1 Acquisition and recognition**

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

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

**16.2 Depreciation and amortisation of non-current assets**

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

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

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<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 - 80
Right-of-use buildings	2 - 13
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 20
• Computing equipment	3 - 5
• Vehicles	2 - 20
• Other plant and equipment	3 - 30
Right-of-use plant and equipment	2 - 3

### 16.3 Revaluation

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

Revaluation of non-current assets or a group of assets is only performed when the asset's fair value at the time of acquisition is greater than \$1.5 million and the estimated useful life exceeds three years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. If at any time management considers that the carrying amount of an asset greater than \$1.5 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

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

### 16.4 Impairment

The Hospital holds its property, plant and equipment for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, fair value is assessed each year.

There were no indications of impairment for property, plant and equipment as at 30 June 2022.

### 16.5 Land and buildings

An independent valuation of land and buildings owned by the Hospital was performed in March 2018, within the regular valuation cycle, by a certified practising valuer from AssetVal as at June 2018. Consistent with *Treasurer's Instructions*, a public authority must at least every six years obtain a valuation appraisal from a qualified valuer, the timing and process of which will be considered in the 2022-23 financial year.

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

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

### 16.6 Plant and equipment

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

### 16.7 Leased property, plant and equipment

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

Major lease activities include the use of:

- Properties – include health clinics leased from the private sector. Generally, property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.

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- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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

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

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**17. Reconciliation of property, plant and equipment**

The following table shows the movement:

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**2021-22**

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>6,874</b>	<b>128,100</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>141,242</b>
Additions	-	-	-	1,579	-	23	173	267	2,042
Disposals	-	-	-	-	-	-	(2)	-	(2)
Transfers between asset classes	-	3,956	-	(3,956)	-	10	-	(10)	-
<b>Subtotal:</b>	<b>6,874</b>	<b>132,056</b>	<b>449</b>	<b>1,016</b>	<b>868</b>	<b>899</b>	<b>538</b>	<b>582</b>	<b>143,282</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(6,419)	(71)	-	(302)	(126)	(271)	-	(7,189)
<b>Subtotal:</b>	<b>-</b>	<b>(6,419)</b>	<b>(71)</b>	<b>-</b>	<b>(302)</b>	<b>(126)</b>	<b>(271)</b>	<b>-</b>	<b>(7,189)</b>
<b>Carrying amount at the end of the period*</b>	<b>6,874</b>	<b>125,637</b>	<b>378</b>	<b>1,016</b>	<b>566</b>	<b>773</b>	<b>267</b>	<b>582</b>	<b>136,093</b>
<b>Gross carrying amount</b>									
Gross carrying amount	6,874	147,774	578	1,016	2,366	1,196	684	582	161,070
Accumulated depreciation / amortisation	-	(22,137)	(200)	-	(1,800)	(423)	(417)	-	(24,977)
<b>Carrying amount at the end of the period</b>	<b>6,874</b>	<b>125,637</b>	<b>378</b>	<b>1,016</b>	<b>566</b>	<b>773</b>	<b>267</b>	<b>582</b>	<b>136,093</b>

\*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). Refer to note 20 for details about the lease liability for right-of-use assets.

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**Consolidated**

**2020-21**

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>6,874</b>	<b>134,336</b>	<b>520</b>	<b>1,468</b>	<b>982</b>	<b>1,003</b>	<b>449</b>	<b>379</b>	<b>146,011</b>
Additions	-	-	1	1,925	74	10	224	86	<b>2,320</b>
Assets received free of charge	-	-	-	-	17	-	-	48	<b>65</b>
Disposals	-	-	-	-	(16)	-	(9)	-	<b>(25)</b>
Donated assets disposal	-	-	-	-	-	-	-	(35)	<b>(35)</b>
Transfers between asset classes	-	-	-	-	153	-	-	(153)	<b>-</b>
<b>Subtotal:</b>	<b>6,874</b>	<b>134,336</b>	<b>521</b>	<b>3,393</b>	<b>1,210</b>	<b>1,013</b>	<b>664</b>	<b>325</b>	<b>148,336</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(6,236)	(72)	-	(342)	(147)	(297)	-	<b>(7,094)</b>
<b>Subtotal:</b>	<b>-</b>	<b>(6,236)</b>	<b>(72)</b>	<b>-</b>	<b>(342)</b>	<b>(147)</b>	<b>(297)</b>	<b>-</b>	<b>(7,094)</b>
<b>Carrying amount at the end of the period*</b>	<b>6,874</b>	<b>128,100</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>141,242</b>
<b>Gross carrying amount</b>									
Gross carrying amount	6,874	143,818	578	3,393	2,366	1,162	746	325	<b>159,262</b>
Accumulated depreciation / amortisation	-	(15,718)	(129)	-	(1,498)	(296)	(379)	-	<b>(18,020)</b>
<b>Carrying amount at the end of the period</b>	<b>6,874</b>	<b>128,100</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>141,242</b>

\*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). Refer to note 20 for details about the lease liability for right-of-use assets.

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**For the year ended 30 June 2022**

**Parent**  
**2021-22**

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>3,097</b>	<b>70,434</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>79,799</b>
Additions	-	-	-	1,579	-	23	173	267	2,042
Disposals	-	-	-	-	-	-	(2)	-	(2)
Donated assets disposal	-	-	-	(2,455)	-	-	-	-	(2,455)
Transfers between asset classes	-	1,501	-	(1,501)	-	10	-	(10)	-
<b>Subtotal:</b>	<b>3,097</b>	<b>71,935</b>	<b>449</b>	<b>1,016</b>	<b>868</b>	<b>899</b>	<b>538</b>	<b>582</b>	<b>79,384</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(3,265)	(71)	-	(302)	(126)	(271)	-	(4,035)
<b>Subtotal:</b>	<b>-</b>	<b>(3,265)</b>	<b>(71)</b>	<b>-</b>	<b>(302)</b>	<b>(126)</b>	<b>(271)</b>	<b>-</b>	<b>(4,035)</b>
<b>Carrying amount at the end of the period*</b>	<b>3,097</b>	<b>68,670</b>	<b>378</b>	<b>1,016</b>	<b>566</b>	<b>773</b>	<b>267</b>	<b>582</b>	<b>75,349</b>
<b>Gross carrying amount</b>									
Gross carrying amount	3,097	78,301	578	1,016	2,366	1,196	684	582	87,820
Accumulated depreciation / amortisation	-	(9,631)	(200)	-	(1,800)	(423)	(417)	-	(12,471)
<b>Carrying amount at the end of the period</b>	<b>3,097</b>	<b>68,670</b>	<b>378</b>	<b>1,016</b>	<b>566</b>	<b>773</b>	<b>267</b>	<b>582</b>	<b>75,349</b>

\*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). Refer to note 20 for details about the lease liability for right-of-use assets.

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**Parent**

2020-21

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>3,097</b>	<b>73,617</b>	<b>520</b>	<b>1,468</b>	<b>982</b>	<b>1,003</b>	<b>449</b>	<b>379</b>	<b>81,515</b>
Additions	-	-	1	1,925	74	10	224	86	2,320
Assets received free of charge	-	-	-	-	17	-	-	48	65
Disposals	-	-	-	-	(16)	-	(9)	-	(25)
Donated assets disposal	-	-	-	-	-	-	-	(35)	(35)
Transfers between asset classes	-	-	-	-	153	-	-	(153)	-
<b>Subtotal:</b>	<b>3,097</b>	<b>73,617</b>	<b>521</b>	<b>3,393</b>	<b>1,210</b>	<b>1,013</b>	<b>664</b>	<b>325</b>	<b>83,840</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(3,183)	(72)	-	(342)	(147)	(297)	-	(4,041)
<b>Subtotal:</b>	<b>-</b>	<b>(3,183)</b>	<b>(72)</b>	<b>-</b>	<b>(342)</b>	<b>(147)</b>	<b>(297)</b>	<b>-</b>	<b>(4,041)</b>
<b>Carrying amount at the end of the period</b>	<b>3,097</b>	<b>70,434</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>79,799</b>
<b>Gross carrying amount</b>									
Gross carrying amount	3,097	76,800	578	3,393	2,366	1,162	746	325	88,467
Accumulated depreciation / amortisation	-	(6,366)	(129)	-	(1,498)	(296)	(379)	-	(8,668)
<b>Carrying amount at the end of the period</b>	<b>3,097</b>	<b>70,434</b>	<b>449</b>	<b>3,393</b>	<b>868</b>	<b>866</b>	<b>367</b>	<b>325</b>	<b>79,799</b>

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). Refer to note 20 for details about the lease liability for right-of-use assets.

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**18. Fair value measurement**

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

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

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1.5 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 16 and 18.1 and for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**18.1 Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. There are no non-recurring fair value measurements. During 2021 & 2022 the Hospital had no valuations categorised into Level 1 or 2.

**18.2 Valuation techniques and inputs**

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

Unobservable inputs used to arrive at final valuation figures included:

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

**19. Payables**

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Creditors and accrued expenses	5,205	3,048	5,205	3,048
Paid Parental Leave Scheme	18	23	18	23
Staff on-costs*	1,010	891	1,010	891
Other payables	70	69	70	69
<b>Total current payables</b>	<b>6,303</b>	<b>4,031</b>	<b>6,303</b>	<b>4,031</b>
<b>Non-current</b>				
Staff on-costs*	391	427	391	427
<b>Total non-current payables</b>	<b>391</b>	<b>427</b>	<b>391</b>	<b>427</b>
<b>Total payables</b>	<b>6,694</b>	<b>4,458</b>	<b>6,694</b>	<b>4,458</b>

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2021 rate (10.1%) to 10.6% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expenses of \$0.054 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 30 for information on risk management.

## 20. Financial liabilities

	Consolidated		Parent	
	2022	2021	2022	2021
Current	\$'000	\$'000	\$'000	\$'000
Lease liabilities	247	283	247	283
<b>Total current financial liabilities</b>	<b>247</b>	<b>283</b>	<b>247</b>	<b>283</b>
<b>Non-current</b>				
Lease liabilities	408	541	408	541
<b>Total non-current financial liabilities</b>	<b>408</b>	<b>541</b>	<b>408</b>	<b>541</b>
<b>Total financial liabilities</b>	<b>655</b>	<b>824</b>	<b>655</b>	<b>824</b>

All financial liabilities relate to lease liabilities for right of use assets and are measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. Borrowing costs on lease liabilities was \$0.010 million (\$0.014 million).

Refer to note 30 for information on risk management.

### 20.1 Maturity analysis

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

	Consolidated		Parent	
	2022	2021	2022	2021
Lease Liabilities	\$'000	\$'000	\$'000	\$'000
1 to 3 years	226	290	226	290
3 to 5 years	116	129	116	129
5 to 10 years	68	126	68	126
<b>Total lease liabilities (undiscounted)</b>	<b>410</b>	<b>545</b>	<b>410</b>	<b>545</b>

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**21. Staff benefits**

	Consolidated		Parent	
	2022	2021	2022	2021
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued salaries and wages	2,746	2,090	2,746	2,090
Annual leave	6,451	5,852	6,451	5,852
Long service leave	832	948	832	948
Skills and experience retention leave	449	436	449	436
Other	1	1	1	1
<b>Total current staff benefits</b>	<b>10,479</b>	<b>9,327</b>	<b>10,479</b>	<b>9,327</b>
<b>Non-current</b>				
Long service leave	9,397	10,779	9,397	10,779
<b>Total non-current staff benefits</b>	<b>9,397</b>	<b>10,779</b>	<b>9,397</b>	<b>10,779</b>
<b>Total staff benefits</b>	<b>19,876</b>	<b>20,106</b>	<b>19,876</b>	<b>20,106</b>

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

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

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

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

As a result of the actuarial assessment performed by DTF, the salary inflation rate has decreased from the 2021 rate (2.0%) to 1.50% for annual leave and skills and experience retention leave liability. As a result, there is a decrease in the employee staff benefits liability and employee benefits expenses of \$0.036 million

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

**21.2 Long service leave**

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.50%) to 3.75%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$1.775million, payables (employee on-costs) of \$0.072 million and staff benefits expense of \$1.847 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

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**22. Provisions**

Provisions represent workers compensation

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	1,159	1,025	1,159	1,025
Increase in provisions recognised	1,039	623	1,039	623
Reductions arising from payments/other sacrifices of future economic benefits	(31)	(489)	(31)	(489)
<b>Carrying amount at the end of the period</b>	<b>2,167</b>	<b>1,159</b>	<b>2,167</b>	<b>1,159</b>

**Workers compensation provision (statutory and additional compensation schemes)**

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by the agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions. In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Measurement of the workers compensation provision as at 30 June 2022 includes the impacts of the decision of the Full Court of the Supreme Court of South Australia in *Return to Work Corporation of South Australia vs Summerfield* (Summerfield decision). The Summerfield decision increased the liabilities of the Return to Work Scheme (the Scheme) and the workers compensation provision across government.

Legislation to reform the Return to Work Act 2014 was proclaimed in July 2022, with the reforms expected to reduce the overall liability of the Scheme. The impacts of these reforms on the workers compensation provision will be considered when measuring the provision as at 30 June 2023.

**23. Contract liabilities and other liabilities**

	Consolidated		Parent	
	2022	2021	2022	2021
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Contract liabilities	3,206	2,829	3,206	2,829
Residential aged care bonds	15,928	13,942	15,928	13,942
Other	(8)	57	(8)	57
<b>Total current contract liabilities and other liabilities</b>	<b>19,126</b>	<b>16,828</b>	<b>19,126</b>	<b>16,828</b>

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

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

## 24. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	10,370	9,870	10,096	9,596
<b>Cash as per Statement of Financial Position</b>	<b>10,370</b>	<b>9,870</b>	<b>10,096</b>	<b>9,596</b>
<b>Balance as per Statement of Cash Flows</b>	<b>10,370</b>	<b>9,870</b>	<b>10,096</b>	<b>9,596</b>
<b>Reconciliation of net cash provided by operating activities to net result:</b>				
Net cash provided by (used in) operating activities	2,197	4,588	2,204	4,621
<b>Add/less non-cash items</b>				
Asset donated free of charge	-	(35)	(2,455)	(35)
Capital revenues	1,514	1,726	1,514	1,726
Depreciation and amortisation expense of non-current assets	(7,189)	(7,094)	(4,035)	(4,041)
Gain/(loss) on sale or disposal of non-current assets	-	(16)	-	(16)
Interest credited directly to investments	20	66	19	63
Resources received free of charge	-	65	-	65
<b>Movement in assets/liabilities</b>				
Increase/(decrease) in inventories	293	116	293	116
Increase/(decrease) in receivables	1,400	(2,954)	1,408	(2,948)
(Increase)/decrease in other liabilities	(2,298)	(945)	(2,298)	(945)
(Increase)/decrease in payables and provisions	(3,223)	(319)	(3,223)	(321)
(Increase)/decrease in staff benefits	230	(237)	230	(237)
<b>Net result</b>	<b>(7,056)</b>	<b>(5,039)</b>	<b>(6,343)</b>	<b>(1,952)</b>

Total cash outflows for leases is \$0.350 million (\$0.381 million).

## 25. Unrecognised contractual commitments

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

Expenditure commitments	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Within one year	1,129	566	1,129	566
Later than one year but not longer than five years	37	63	37	63
<b>Total expenditure commitments</b>	<b>1,166</b>	<b>629</b>	<b>1,166</b>	<b>629</b>

The Hospital expenditure commitments are for agreements for goods and services ordered but not received. The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2022 has not been quantified.

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## 26. Trust funds

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

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Carry amount at the beginning of period	18	15	18	15
Client trust receipts	-	18	-	18
<b>Carrying amount at the end of the period</b>	<b>18</b>	<b>33</b>	<b>18</b>	<b>33</b>

## 27. Contingent assets and liabilities

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

### 27.1 Contingent Assets

The Hospital is not aware of any contingent assets.

### 27.2 Contingent Liabilities

Under the Act, all real property except for property associated with Crown Land of the former Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

### 27.3 Guarantees

The Hospital has made no guarantees.

## 28. Events after balance date

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

## 29. Impact of Standards not yet implemented

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

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

Application of this standard is not expected to have a material impact.

## 30. Financial instruments/financial risk management

### 30.1 Financial risk management

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

#### Liquidity Risk

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

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Credit risk

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

Market risk

The Hospital does not engage in high risk hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Hospital's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

**30.2 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, maturity analysis 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.

Financial assets and liabilities are measured at amortised cost. Amounts relating to statutory receivables and payable (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised cost are \$3.886 million (\$2.746 million) and \$5.165 million (\$3.003 million) respectively.

**30.3 Credit risk exposure and impairment of financial assets**

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

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

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

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

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

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

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	30 June 2022			30 June 2021		
	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses
	%	\$'000	\$'000	%	\$'000	\$'000
<b>Days past due</b>						
Current	0.2-10%	472	24	0.2-5.3%	638	12
<30 days	1-11.8%	99	6	1.4-6.0%	72	4
31-60 days	3.2-15.9 %	33	3	3.1-10.7%	36	2
61-90 days	4-24.4%	27	5	3.6-16.2%	19	2
91-120 days	4.5-30.6 %	23	4	4.0-19.6%	17	2
121-180 days	5.5-40.1 %	41	10	4.8-25.4%	58	8
181-360 days	17.4-63.8 %	136	45	12.5-53.5%	91	31
361-540 days	22.9-89.8 %	48	22	20-100%	64	56
>540 days	24.8-99.4 %	171	110	21.7-100%	401	391
<b>Total</b>		<b>1051</b>	<b>230</b>		<b>1,396</b>	<b>508</b>

**31. Significant transactions with government related entities**

The Hospital is controlled by the SA Government.

Related parties of the Hospital include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. Significant transactions with the SA Government are identifiable throughout this financial report.

The Hospital received funding from the SA Government via the Department (note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 9). The Department transferred capital works in progress of \$1.514 million (\$1.726 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$2.515 million (\$3.003 million) (note 9). As at 30 June the outstanding balance payable to DIT was \$0.173 million (\$0.442 million).

**32. Interests in other entities**

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

**Controlled Entities**

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

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

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

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The HAC have no powers to direct or make decisions with respect to the management and administration of Eyre and Far North Local Health Network Incorporated.

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

<b>Health Advisory Councils and associated Gift Fund Trusts</b>		
<b>Incorporated HACs and GFTs</b>		
Ceduna District Health Services Health Advisory Council Inc	Eastern Eyre Health Advisory Council Inc	Far North Health Advisory Council Inc
Lower Eyre Health Advisory Council Inc	Mid West Health Advisory Council Inc	Port Lincoln Health Advisory Council Inc
Ceduna District Health Services Health Advisory Council Inc Gift Fund Trust	Eastern Eyre Health Advisory Council Inc Gift Fund Trust	Lower Eyre Health Advisory Council Inc Gift Fund Trust
Mid West Health Advisory Council Inc Gift Fund Trust		
<b>Unincorporated GFTs</b>		
Far North Health Advisory Council Gift Fund Trust **	Port Lincoln Health Advisory Council Gift Fund Trust **	

\*\*The transfer of net assets of the Far North Health Advisory Council Gift Fund Trust and Port Lincoln Health Advisory Council Gift Fund Trust has not been finalised and as such the net assets remain vested in Country Health Gift Fund Health Advisory Council Inc Gift Fund Trust and are reported as part of Barossa Hills Fleurieu Local Health Network Inc

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**33. Administered Items**

The Hospital administers arrangements at the Mid Eyre Medical and Ceduna Family Medical Centre. Fees and charges are collected on behalf of doctors who work in the Hospital-owned Medical Centre. The Hospital cannot use these administered funds for the achievement of its objectives.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from fees and charges	2,495	3,003
Other expenses	(2,495)	(3,009)
<b>Net result</b>	<b>-</b>	<b>(6)</b>
Cash and cash equivalents	1,092	995
Payables	(1,092)	(995)
<b>Net assets</b>	<b>-</b>	<b>-</b>
Cash at 1 July	995	1,057
Cash inflows	2,495	3,003
Cash outflows	(2,398)	(3,065)
<b>Cash at 30 June</b>	<b>1,092</b>	<b>995</b>

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**34. Board and committee members**

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

<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Eyre and Far North Local Health Network Governing Board	-	Smith M (Chair), Dunchue L, Mills D Dr, Siviour J, Sweet C, Thyer C (appointed 01/07/2021), Smith T (appointed 01/07/2021), Green B (resigned 30/06/2021)#
Audit and Risk Management Committee	-	Van Der Wel O (Chair)*, Sweet C, Smith T
Clinical Governance Committee	-	Mills D Dr (Chair), Siviour J, Blacker P*
Finance and Performance Committee	-	Dunchue L (Chair), Sweet C

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

# member resigned prior to 1 July 2021, received final payment in the current financial year

Refer to note 8.2 for remuneration of board and committee members