

# SA Ambulance Service Inc

Financial report  
for the year ended  
30 June 2018



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## To the Interim Chief Executive Officer SA Ambulance Service Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 55(2) of the *Health Care Act 2008*, I have audited the financial report of the SA Ambulance Service Incorporated for the financial year ended 30 June 2018.

### Opinion

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

The financial report comprises:

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

### Basis for opinion

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

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

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

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions 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.

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

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Interim Chief Executive Officer
- 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 Interim Chief Executive Officer about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

**Auditor-General**

20 September 2018

## Certification of the financial statements

We certify that the:

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



David Place  
Interim Chief Executive Officer



Danny De Cesare  
Acting Chief Finance Officer

Date 14/9/18

**SA AMBULANCE SERVICE INC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Staff benefits expenses	3	220,090	193,634
Supplies and services	4	62,844	71,405
Depreciation and amortisation expense	19,20	12,921	10,657
Grants and subsidies	5	-	700
Bad and doubtful debts	16	17,764	17,992
Other expenses	6	1,408	1,493
<b>Total expenses</b>		<b>315,027</b>	<b>295,881</b>
<b>Income</b>			
Revenues from fees and charges	7	129,174	125,890
Grants and contributions	8	6,464	6,744
Interest revenues	9	41	46
Resources received free of charge	10	1,551	-
Net gain from disposal of non-current and other assets	11	493	241
Other revenues/income	12	2,689	2,237
<b>Total income</b>		<b>140,412</b>	<b>135,158</b>
<b>Net cost of providing services</b>		<b>174,615</b>	<b>160,723</b>
<b>Revenues from SA Government</b>			
Revenues from SA Government	13	165,043	149,449
<b>Total revenues from SA Government</b>		<b>165,043</b>	<b>149,449</b>
<b>Net result</b>		<b>(9,572)</b>	<b>(11,274)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus		28,263	-
<b>Items that will be reclassified subsequently to net result when specific conditions are met</b>			
Gains or losses recognised directly in equity		2,091	39,893
<b>Total other comprehensive income</b>		<b>30,354</b>	<b>39,893</b>
<b>Total comprehensive result</b>		<b>20,782</b>	<b>28,619</b>

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

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

SA AMBULANCE SERVICE INC  
STATEMENT OF FINANCIAL POSITION  
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	15	10,584	10,126
Receivables	16	22,823	26,380
Inventories	17	416	301
Other assets		26	13
<b>Total current assets</b>		<b>33,849</b>	<b>36,820</b>
<b>Non-current assets</b>			
Receivables	16	1,223	1,840
Property, plant and equipment	19	136,355	94,558
Intangible assets	20	58	761
<b>Total non-current assets</b>		<b>137,636</b>	<b>97,159</b>
<b>Total assets</b>		<b>171,485</b>	<b>133,979</b>
<b>Current liabilities</b>			
Payables	22	9,585	10,608
Staff benefits	23	50,156	44,781
Provisions	24	1,710	4,251
Other liabilities	25	2,267	1,833
<b>Total current liabilities</b>		<b>63,718</b>	<b>61,473</b>
<b>Non-current liabilities</b>			
Payables	22	2,043	2,007
Staff benefits	23	53,562	46,960
Provisions	24	13,308	5,467
<b>Total non-current liabilities</b>		<b>68,913</b>	<b>54,434</b>
<b>Total liabilities</b>		<b>132,631</b>	<b>115,907</b>
<b>Net assets</b>		<b>38,854</b>	<b>18,072</b>
<b>Equity</b>			
Asset revaluation surplus		40,321	12,058
Other reserves		45,533	43,442
Retained earnings		(47,000)	(37,428)
<b>Total equity</b>		<b>38,854</b>	<b>18,072</b>

**The total equity is attributable to the SA Government as owner**

Unrecognised contractual commitments 26

Contingent assets and liabilities 27

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

SA AMBULANCE SERVICE INC  
 STATEMENT OF CHANGES IN EQUITY  
 For the year ended 30 June 2018

	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2016</b>	<b>12,058</b>	<b>8,305</b>	<b>(30,910)</b>	<b>(10,547)</b>
Net result for 2016-17	-	-	(11,274)	(11,274)
Gain/(loss) on revaluation of defined benefit fund liability	-	39,893	-	39,893
<b>Total comprehensive result for 2016-17</b>	<b>-</b>	<b>39,893</b>	<b>(11,274)</b>	<b>28,619</b>
Transfer between equity components	-	(4,756)	4,756	-
<b>Balance at 30 June 2017</b>	<b>12,058</b>	<b>43,442</b>	<b>(37,428)</b>	<b>18,072</b>
Net result for 2017-18	-	-	(9,572)	(9,572)
Gain on revaluation of land and buildings	28,263	-	-	28,263
Gain/(loss) on revaluation of defined benefit fund liability	-	2,091	-	2,091
<b>Total comprehensive result for 2017-18</b>	<b>28,263</b>	<b>2,091</b>	<b>(9,572)</b>	<b>20,782</b>
<b>Balance at 30 June 2018</b>	<b>40,321</b>	<b>45,533</b>	<b>(47,000)</b>	<b>38,854</b>

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

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

SA AMBULANCE INC  
STATEMENT OF CASH FLOWS  
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Staff benefits payments		(199,546)	(180,306)
Payments for supplies and services		(54,514)	(52,663)
Payments of grants and subsidies		(770)	-
Other payments		(1,496)	(1,562)
<b>Cash used in operations</b>		<u>(256,326)</u>	<u>(234,531)</u>
<b>Cash inflows</b>			
Fees and charges		80,668	77,889
Grants and contributions		6,478	6,776
Interest received		41	46
GST recovered from ATO		4,428	3,454
Other receipts		3,281	3,503
<b>Cash generated from operations</b>		<u>94,896</u>	<u>91,668</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		175,548	144,614
<b>Cash generated from SA Government</b>		<u>175,548</u>	<u>144,614</u>
<b>Net cash provided by operating activities</b>		<u>14,118</u>	<u>1,751</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(14,411)	(11,656)
Purchase of intangibles		(59)	-
<b>Cash used in investing activities</b>		<u>(14,470)</u>	<u>(11,656)</u>
<b>Cash inflows</b>			
Proceeds from sale of property, plant and equipment		810	400
<b>Cash generated from investing activities</b>		<u>810</u>	<u>400</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>(13,660)</u>	<u>(11,256)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		458	(9,505)
Cash and cash equivalents at the beginning of the period		10,126	19,631
<b>Cash and cash equivalents at the end of the period</b>	30	<u>10,584</u>	<u>10,126</u>
Non-cash transactions	30		

*Inter-entity non-cash revenue and expense transactions have been excluded.*

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

**SA AMBULANCE SERVICE INC**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

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## **1. Basis of financial statements**

### **1.1 Reporting entity**

SA Ambulance Service Inc (SAAS) was incorporated under the *Associations Incorporation Act 1985* on 1 July 1993 under the name SA St John Ambulance Service Incorporated. The service continued in existence with the name SA Ambulance Service Incorporated under the *Ambulance Services Act 1992* until it was repealed on 10 April 2008. From this date the service has continued under the *Health Care Act 2008*.

SAAS's financial statements and accompanying notes include the operations of the SA Ambulance Development Fund. This fund is a Charitable Trust administered by SAAS pursuant to a Declaration of Trust. The fund receives donations, gifts and bequests from the public which are applied by the Trustee to improve the services offered by SAAS. The funds cannot be used for the day to day operating expenses of SAAS.

The financial statements include all the controlled activities of SAAS.

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

### **1.2 Statement of compliance**

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

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

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

### **1.3 Basis of preparation**

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

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

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

SAAS did not voluntarily change any of its accounting policies during 2017-18.

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted. The restated comparative amounts do not replace the original financial statements for the preceding period.

Significant accounting policies are set out below or in the notes.

### **1.4 Taxation**

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

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

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

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

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

### **1.5 Continuity of Operations**

As at 30 June 2018, SAAS had working capital deficiency of \$29.869 million (\$24.653 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of SAAS to enable it to perform its functions.

**SA AMBULANCE SERVICE INC**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

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**1.6 Equity**

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

Other reserves include Branch Reserves, Country Capital Reserves and Defined Benefit Fund Remeasurement.

During the 2016-17 financial year \$4.756 million was transferred from the Country Capital Reserves to retained earnings to deliver the stretcher program.

**2. Objectives and activities**

**2.1 Objectives**

SAAS is committed to save lives, reduce suffering and enhance quality of life, through the provision of accessible and responsive quality patient care and transport.

SAAS is the principal provider of ambulance services in South Australia, is part of SA Health and is responsible to the Minister for Health and Wellbeing.

SAAS works in partnership with their health and emergency service colleagues, and other government agencies to ensure the best outcomes for all South Australians.

SAAS is structured to contribute to the outcomes for which the portfolio is responsible by providing pre-hospital medical emergency care and patient transport.

The Chief Executive Officer administers and manages SAAS under delegation from the Chief Executive of the Department for Health and Wellbeing (the Department) and is accountable to the Chief Executive of the Department.

The SA Ambulance Service Volunteer Health Advisory Council (SAASVHAC) was established pursuant to the Health Care Act 2008. The role of the Council is to provide advice and advocacy on SAAS volunteer related matters to the Minister for Health and Wellbeing and the Chief Executive Officer and management of SAAS. The Council has no powers to direct or make decisions with respect to the management and administration of SAAS.

**3. Staff benefits expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	157,535	143,977
Long Service Leave	9,575	2,919
Annual leave	23,726	19,485
Skills and Experience Retention Leave	786	1,009
Staff on-costs - superannuation*	20,251	20,673
Workers compensation**	8,367	5,415
Board and committee fees	13	13
Other staff related expenses	(163)	143
<b>Total staff benefits expenses</b>	<b>220,090</b>	<b>193,634</b>

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

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

\*\* 2018 workers compensation expenditure includes statutory workers compensation obligations under the *Return to Work Act 2014* ((\$0.663) million) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards (\$9.030 million). Refer to note 24 for further information.

**SA AMBULANCE SERVICE INC**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

**3.1 Key Management Personnel**

Key management personnel (KMP) of SAAS includes the Minister, the Chief Executive of the Department, Chief Executive Officer of SAAS and the nine members of the Executive Management Group who have responsibility for the strategic direction and management of SAAS.

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

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

	2018	2017
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	1,847	1,756
Post-employment benefits	229	326
Other long-term employment benefits	67	-
<b>Total</b>	<b>2,143</b>	<b>2,082</b>

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

**3.2 Remuneration of staff**

	2018	2017
	Number	Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$147,000 - \$149,000*	na	18
\$149,001 - \$159,000	77	105
\$159,001 - \$169,000	71	78
\$169,001 - \$179,000	45	58
\$179,001 - \$189,000	50	47
\$189,001 - \$199,000	55	48
\$199,001 - \$209,000	29	36
\$209,001 - \$219,000	21	28
\$219,001 - \$229,000	5	22
\$229,001 - \$239,000	10	16
\$239,001 - \$249,000	5	7
\$249,001 - \$259,000	3	6
\$259,001 - \$269,000	2	1
\$269,001 - \$279,000	3	1
\$279,001 - \$289,000	1	2
\$299,001 - \$309,000	2	1
\$309,001 - \$319,000	3	-
\$319,001 - \$329,000	1	1
\$329,001 - \$339,000	1	-
\$349,001 - \$359,000	1	-
\$369,001 - \$379,000	1	-
\$379,001 - \$389,000	1	-
\$389,001 - \$399,000	1	-
<b>Total</b>	<b>388</b>	<b>475</b>

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

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

**3.3 Remuneration of employees by classification**

The total remuneration received by these employees, included above:

	2018		2017	
	No.	\$'000	No.	\$'000
Executive	8	1,661	9	1,906
Medical*	20	5,002	-	-
Non-medical (i.e. administration)	4	653	1	148
Operational **	356	65,049	465	84,431
<b>Total</b>	<b>388</b>	<b>72,365</b>	<b>475</b>	<b>86,485</b>

**SA AMBULANCE SERVICE INC**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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\* Increase relates to MedSTAR staff reclassified from Contractors – agency staff (recharge from LHN's) to salaries and wages (refer note 4).

\*\* 2016-17 includes 120 staff members who received remuneration for backpay from the latest EB agreement that otherwise would not have exceeded the reporting threshold.

**4. Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration	239	280
Advertising	505	299
Communication	3,388	3,013
Computing	2,690	2,546
Consultants	104	566
Contract of services	234	257
Contractors	467	132
Contractors - agency staff	5,243	16,069
Cost of goods sold	198	369
Drug supplies	553	473
Electricity, gas and fuel	1,055	722
Food supplies	49	49
Housekeeping	1,719	1,848
Insurance	1,584	1,527
Internal SA Health SLA payments	1,225	1,879
Legal	82	127
Medical, surgical and laboratory supplies	3,707	3,807
Minor equipment	1,140	1,194
Motor vehicle expenses	4,878	4,956
Occupancy rent and rates	2,553	2,214
Patient transport	17,883	16,511
Services from Shared Services SA	1,678	1,901
Postage	798	741
Printing and stationery	782	823
Rental expense on operating lease	1,961	1,731
Repairs and maintenance	2,159	1,711
Security	29	16
Staff training and development	1,012	546
Staff travel expenses	2,429	2,428
Other supplies and services	2,500	2,670
<b>Total supplies and services</b>	<b>62,844</b>	<b>71,405</b>

**Operating Leases**

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

**Professional indemnity and general public insurance**

Professional indemnity and general public liability claims arising from SAAS's operations are managed as part of the State Government Insurance Program. SAAS pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in SAAS's financial statements.

**Contractors – Agency Staff**

MedSTAR staff have been reclassified from Contractors – agency staff (recharge from LHN's) to salaries and wages (refer note 3).

**Consultancies**

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

	<b>2018</b>		<b>2017</b>	
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
Below \$10,000	1	5	3	14
Above \$10,000	3	99	6	552
<b>Total paid/payable to consultants engaged</b>	<b>4</b>	<b>104</b>	<b>9</b>	<b>566</b>

SA AMBULANCE SERVICE INC  
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**5. Grants and subsidies**

	2018 \$'000	2017 \$'000
Funding to non-government organisations	-	700
<b>Total grants and subsidies</b>	<b>-</b>	<b>700</b>

The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. Contributions payable will be recognised as a liability and an expense when SAAS has a present obligation to pay the contribution and the expense recognition criteria are met

In 2017 a one-off grant was given to the Nganampa Health Council Inc to enable that council to procure seven fully equipped ambulance vehicles to meet the needs of first responder emergency response capability on the APY lands.

**6. Other expenses**

	2018 \$'000	2017 \$'000
Bank fees and charges	100	61
Other*	1,308	1,432
<b>Total other expenses</b>	<b>1,408</b>	<b>1,493</b>

\*Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.102 million (\$0.099 million). No other services were provided by the Auditor-General's Department.

**7. Revenues from fees and charges**

	2018 \$'000	2017 \$'000
Ambulance cover	26,953	24,679
Ambulance transport	94,147	93,195
Call Direct	1,156	1,195
Recoveries	4,680	3,992
Other user charges and fees	2,238	2,829
<b>Total revenues from fees and charges</b>	<b>129,174</b>	<b>125,890</b>

Ambulance cover revenue

SAAS operates the Ambulance cover scheme whereby members pay a subscription to cover themselves against the cost of ambulance transport. Ambulance cover revenue is recognised on a proportionate basis over the membership period.

Ambulance transport revenue

Ambulance transport revenue comprises revenue earned from the provision of patient transport, and is recognised when the service is provided or when the fee in respect of services provided is receivable.

Call direct revenue

Call Direct revenue comprises the sale of alarm monitoring units, accessories and monitoring income. Units and accessories revenue are recognised at point of sale. Monitoring income is brought to account as services are provided.

<b>Ambulance transport</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Fees raised	198,242	193,811
Less:		
Ambulance cover concessions	59,640	58,436
Pensioner concessions	44,455	42,180
<b>Ambulance transport</b>	<b>94,147</b>	<b>93,195</b>

**8. Grants and contributions**

	2018 \$'000	2017 \$'000
Other SA Government grants and contributions	6,300	6,300
Private sector grants and contributions	164	444
<b>Total grants and contributions</b>	<b>6,464</b>	<b>6,744</b>

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Contributions are recognised as an asset and income when SAAS obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

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

**9. Interest revenues**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on Special Purpose Funds	41	46
<b>Total interest revenues</b>	<b>41</b>	<b>46</b>

**10. Resources received free of charge**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Services	1,551	-
<b>Total resources received free of charge</b>	<b>1,551</b>	<b>-</b>

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

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.

SAAS receives various contributed services associated with ambulance duties in regional SA. Response to incidents, or the extent thereof, would be purchased if they had not been donated, however they have not been recognised in the accounts as fair value hasn't been reliably determined. SAAS will continue its analysis and assessment of contributed services as it relates to incidents over the next 12 mths.

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

<b>Land and buildings:</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Proceeds from disposal	-	-
Less net book value of assets disposed	(48)	(47)
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>(48)</b>	<b>(47)</b>
<b>Plant and equipment:</b>		
Proceeds from disposal	937	411
Less net book value of assets disposed	(269)	(112)
Less other costs of disposal	(127)	(11)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>541</b>	<b>288</b>
<b>Total assets:</b>		
Total proceeds from disposal	937	411
Less total value of assets disposed	(317)	(159)
Less other costs of disposal	(127)	(11)
<b>Total net gain/(loss) from disposal of non-current and other assets</b>	<b>493</b>	<b>241</b>

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

**12. Other revenues/income**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Commissions revenue	22	4
Training revenue	539	450
Donations	333	71
Emergency Services Levy	1,384	1,351
Bad debts recovered	-	18
Other	411	343
<b>Total other revenues/income</b>	<b>2,689</b>	<b>2,237</b>

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**13. Revenues from SA Government**

	2018 \$'000	2017 \$'000
Recurrent funding	137,313	130,231
Capital funding	27,730	19,218
<b>Total revenues from Department for Health and Wellbeing</b>	<b>165,043</b>	<b>149,449</b>

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

**14. Unexpended funding commitments**

SAAS is engaged in a variety of funding programs involving State Government and Private entities who provide monies to SAAS on the premise that these funds are expended in a manner consistent with the terms of the program. SAAS had outstanding funding commitments to the following programs:

	2018 \$'000	2017 \$'000
Emergency Medical Education and Training Program	45	173
<b>Total unexpended funding commitments</b>	<b>45</b>	<b>173</b>

**15. Cash and cash equivalents**

	2018 \$'000	2017 \$'000
Cash at bank or on hand: non-government financial institutions	266	285
Deposits with Treasurer	10,314	9,835
Imprest account/cash on hand	4	6
<b>Total cash</b>	<b>10,584</b>	<b>10,126</b>

Cash is measured at nominal amounts.

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

**Deposits with the Treasurer**

SAAS operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. SAAS earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer. The amount includes \$1.7 million of SA Ambulance Development Fund monies.

**16. Receivables**

		2018 \$'000	2017 \$'000
<b>Current</b>	<b>Note</b>		
Debtors		31,132	31,473
Less: allowance for doubtful debts	16.1	(20,728)	(19,395)
Prepayments		5,919	5,857
Workers compensation provision recoverable		571	2,156
Sundry receivables and accrued revenue		5,821	6,077
GST input tax recoverable		108	212
<b>Total current receivables</b>		<b>22,823</b>	<b>26,380</b>
<b>Non-current</b>			
Debtors		128	52
Workers compensation provision recoverable		1,095	1,788
<b>Total non-current receivables</b>		<b>1,223</b>	<b>1,840</b>
<b>Total receivables</b>		<b>24,046</b>	<b>28,220</b>

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**16.1 Movement in the allowance for doubtful debts**

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>19,395</b>	<b>16,980</b>
Amounts written off	(16,431)	(15,577)
Amounts recovered during the year	-	(18)
Increase/(Decrease) in allowance recognised in profit and loss	17,764	18,010
<b>Carrying amount at the end of the period</b>	<b>20,728</b>	<b>19,395</b>

SAAS has recognised a bad and doubtful debt expense of \$17.764 million (\$17.992 million).

Due to the nature of ambulance operations, particularly Community Service Obligations, SAAS has a substantial number of doubtful debts for Ambulance Transport. The provision for doubtful debts is adjusted on a regular basis to ensure that it sufficiently covers the latest estimate of debts that may prove to be uncollectable.

**16.2 Interest rate and credit risk**

Receivables arise in the normal course of selling goods and services to other agencies and to the public. SAAS's trading terms for receivables are generally 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that SAAS will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 31 for further information on risk management.

**17. Inventories**

	2018	2017
	\$'000	\$'000
Inventory imprest stock	416	301
<b>Total current inventories - held for distribution</b>	<b>416</b>	<b>301</b>

Inventories 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.

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

**18.1 Acquisition and recognition of non-current assets**

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

SAAS capitalises all non-current tangible property, plant and equipment and intangible assets that it controls valued at or greater than \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or greater than \$5 million for infrastructure assets and \$1 million for other assets.

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

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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The useful lives, depreciation and amortisation methods of all major assets held by SAAS are reassessed on an annual basis. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

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

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

<u>Class of asset</u>	<u>Useful life</u> <u>(years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment and software	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 - 25
Intangibles	5 - 10

### **18.3 Revaluation of non-current assets**

All non-current tangible assets are valued at fair value.

SAAS revalues all land, buildings and site improvements triennially via a Certified Practising Valuer. A triennial revaluation of other non-current assets by a Certified Practising Valuer is only performed when the assets fair value at the time of acquisition is greater than \$1 million, and the estimated useful life exceeds three years.

If at any time, management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

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

### **18.4 Impairment**

SAAS holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment of property, plant and equipment or intangibles as at 30 June 2018.

### **18.5 Intangible assets**

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

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

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

Capitalised software is amortised over the useful life of the asset.

**18.6 Valuation of land and buildings**

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

**18.7 Valuation of plant and equipment**

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

SAAS's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practicing Valuer from Jones Lang Lasalle Pty Ltd.

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

The following table shows the movement:

2017-18

	Land and buildings:			Plant and equipment:				Total \$'000
	Land \$'000	Buildings \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	19,284	26,889	7,993	10,143	8,441	15,108	6,700	94,558
Additions	-	46	11,885	-	362	290	13,427	26,010
Disposals	-	-	-	(48)	-	(269)	-	(317)
Transfers between asset classes	-	12,673	(12,651)	(55)	6,108	7,441	(13,516)	-
<b>Subtotal:</b>	<b>19,284</b>	<b>39,608</b>	<b>7,227</b>	<b>10,040</b>	<b>14,911</b>	<b>22,570</b>	<b>6,611</b>	<b>120,251</b>
<b>Gains/(losses) for the period recognised in net result:</b>								
Depreciation and amortisation	-	(1,716)	-	(442)	(3,374)	(6,627)	-	(12,159)
<b>Subtotal:</b>	<b>-</b>	<b>(1,716)</b>	<b>-</b>	<b>(442)</b>	<b>(3,374)</b>	<b>(6,627)</b>	<b>-</b>	<b>(12,159)</b>
<b>Gains/(losses) for the period recognised in other comprehensive income:</b>								
Revaluation increment / (decrement)	(2,322)	30,585	-	-	-	-	-	28,263
<b>Subtotal:</b>	<b>(2,322)</b>	<b>30,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,263</b>
<b>Carrying amount at the end of the period</b>	<b>16,962</b>	<b>68,477</b>	<b>7,227</b>	<b>9,598</b>	<b>11,537</b>	<b>15,943</b>	<b>6,611</b>	<b>136,355</b>
<b>Gross carrying amount</b>								
Gross carrying amount	16,962	68,605	7,227	13,371	19,636	43,833	6,611	176,245
Accumulated depreciation / amortisation	-	(128)	-	(3,773)	(8,099)	(27,890)	-	(39,890)
<b>Carrying amount at the end of the period</b>	<b>16,962</b>	<b>68,477</b>	<b>7,227</b>	<b>9,598</b>	<b>11,537</b>	<b>15,943</b>	<b>6,611</b>	<b>136,355</b>

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

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2016-17	Land and buildings:			Plant and equipment:				Total \$'000
	Land \$'000	Buildings \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	17,432	23,361	4,054	10,519	5,580	15,701	5,995	82,642
Additions	1,852	-	8,342	-	4,586	31	6,856	21,667
Disposals	-	-	-	(47)	(60)	(52)	-	(159)
Transfers between asset classes	-	4,982	(4,384)	202	-	5,351	(6,151)	-
Other movements	-	-	(19)	-	-	-	-	(19)
<b>Subtotal:</b>	<b>19,284</b>	<b>28,343</b>	<b>7,993</b>	<b>10,674</b>	<b>10,106</b>	<b>21,031</b>	<b>6,700</b>	<b>104,131</b>
<b>Gains/(losses) for the period recognised in net result:</b>								
Depreciation and amortisation	-	(1,454)	-	(531)	(1,665)	(5,923)	-	(9,573)
<b>Subtotal:</b>	<b>-</b>	<b>(1,454)</b>	<b>-</b>	<b>(531)</b>	<b>(1,665)</b>	<b>(5,923)</b>	<b>-</b>	<b>(9,573)</b>
<b>Carrying amount at the end of the period</b>	<b>19,284</b>	<b>26,889</b>	<b>7,993</b>	<b>10,143</b>	<b>8,441</b>	<b>15,108</b>	<b>6,700</b>	<b>94,558</b>
<b>Gross carrying amount</b>								
Gross carrying amount	19,284	29,912	7,993	13,479	13,209	45,604	6,700	136,181
Accumulated depreciation / amortisation	-	(3,023)	-	(3,336)	(4,768)	(30,496)	-	(41,623)
<b>Carrying amount at the end of the period</b>	<b>19,284</b>	<b>26,889</b>	<b>7,993</b>	<b>10,143</b>	<b>8,441</b>	<b>15,108</b>	<b>6,700</b>	<b>94,558</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).

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**20. Reconciliation of intangible assets**

The following table shows the movement:

	2017-18		2016-17	
	Computer software \$'000	Total \$'000	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	761	761	1,845	1,845
Additions	59	59	-	-
Amortisation	(762)	(762)	(1,084)	(1,084)
Carrying amount at the end of the period	<u>58</u>	<u>58</u>	<u>761</u>	<u>761</u>
<b>Gross carrying amount</b>				
Gross carrying amount	5,612	5,612	5,553	5,553
Accumulated amortisation	(5,554)	(5,554)	(4,792)	(4,792)
Carrying amount at the end of the period	<u>58</u>	<u>58</u>	<u>761</u>	<u>761</u>

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**21. Fair value measurement**

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

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

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

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

SAAS's current use is the highest and best use of the asset unless other factors suggest an alternative use. As SAAS did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 18 and 21.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**21.1 Fair Value Hierarchy**

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

**Fair value measurements at 30 June 2018**

	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 19)</b>			
Land	1,120	15,842	16,962
Buildings and improvements	5,117	63,360	68,477
Leasehold improvements	-	9,598	9,598
Plant and equipment	-	27,480	27,480
<b>Total recurring fair value measurements</b>	<b>6,237</b>	<b>116,280</b>	<b>122,517</b>

**Fair value measurements at 30 June 2017**

	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 19)</b>			
Land	19,284	-	19,284
Buildings and improvements	-	26,889	26,889
Leasehold improvements	-	10,143	10,143
Plant and equipment	-	23,549	23,549
<b>Total recurring fair value measurements</b>	<b>19,284</b>	<b>60,581</b>	<b>79,865</b>

There are no non-recurring fair value measurements.

SAAS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 18 and 21.

During 2018 and 2017, SAAS had no valuations categorised into Level 1.

In 2018 all land, excluding land at the Hauteville Terrace carpark and Greenhill Road site, was transferred from level 2 to level 3 as the extent of unobservable inputs and professional judgement required in valuing these assets is significant, and as such they are deemed to have been valued using Level 3 valuation inputs.

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Buildings and improvements at the Hauteville Terrace carpark and Greenhill Road site have been categorised as Level 2 as there are recent market transactions for similar properties and the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transactions, based on current prices in the active market for similar properties.

**21.2 Valuation techniques and inputs**

The Hauteville Terrace carpark and Greenhill Road land have been valued using the market approach based on direct comparison with market data, adjusted for key attributes such as property size and zoning. These properties are classified as having been valued using level 2 valuation inputs.

Other land values were derived by using the replacement cost approach, being recent sales transactions of other similar land holdings within the region (or adjacent regions where limited sales evidence was available), adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

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

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.

**22. Payables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	5,510	7,536
Paid Parental Leave Scheme	18	4
Staff on-costs*	3,751	2,712
Other payables	306	356
<b>Total current payables</b>	<b>9,585</b>	<b>10,608</b>
<b>Non-current</b>		
Staff on-costs*	2,043	2,007
<b>Total non-current payables</b>	<b>2,043</b>	<b>2,007</b>
<b>Total payables</b>	<b>11,628</b>	<b>12,615</b>

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the portion of long service leave taken as leave has decreased from the 2017 rate 48% to 35%. Mercer Consulting (Australia) Pty Ltd has determined the average factor for the calculation of employer superannuation cost on-costs has decreased from the 2017 rate of 13.62% to 13.23%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.366 million and staff benefits expense of \$0.366 million. The estimated impact on 2019 and 2020 is \$0.38 million and \$0.395 million respectively.

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

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

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

**Interest rate and credit risk**

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

Refer to note 31 for further information on risk management.

**23. Staff benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	28,264	23,886
Long service leave	1,608	1,376
Accrued salaries and wages	1,020	652
Skills and experience retention leave	1,493	1,253
Superannuation - defined benefit scheme	17,768	17,613
Other	3	1
<b>Total current staff benefits</b>	<b>50,156</b>	<b>44,781</b>
<b>Non-current</b>		
Long service leave	43,532	37,265
Superannuation - defined benefit scheme	10,030	9,695
<b>Total non-current staff benefits</b>	<b>53,562</b>	<b>46,960</b>
<b>Total staff benefits</b>	<b>103,718</b>	<b>91,741</b>

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

**23.1 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 reporting date.

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

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

**23.2 Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. AASB 119 contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Mercer Consulting (Australia) 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 the health sector across government.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds which matches the expected term of the liabilities as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from the 2017 rate of 2.77% to 2.84%. This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported LSL liability.

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The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the reported LSL liability of \$0.464 million and staff benefits expense of \$0.022 million. This decrease has largely been offset by changes to the assumptions associated with the duration of the liability resulting in an overall net increase in the reported LSL liability relative to 2017. 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.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3% for annual leave and skills, experience and retention leave liability. The salary inflation rate for long service leave increased from 3.5% per annum to 4.0% per annum. The net financial effect of the change in the salary inflation in the current financial year is an increase in the LSL liability of \$3.221 million and staff benefit expense of \$0.149 million.

**23.3 Superannuation funds**

A significant number of SAAS employees are members of the SA Ambulance Service Superannuation Scheme (the "Scheme"). These staff are eligible to receive a benefit from the Scheme. A benefit is payable on retirement, death, disablement or leaving SAAS in accordance with the Scheme's trust deed and rules. The Scheme provides lump sum benefits based on a combination of defined benefits which depend on years of service and final salary and accumulation benefits which depend on the accumulation of member and employer contributions adjusted for appropriate earnings and expenses. The liability for this Scheme has been determined via an actuarial valuation by Mercer Investment Nominees Limited using the projected unit credit method.

The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows. Refer to note 23.

Actuarial gains and losses are recognised in other comprehensive income in the Statement of Comprehensive Income, in the period in which they occur. The superannuation expense comprising interest cost and other costs of the defined benefit plan is measured in accordance with AASB 119 and is recognised as and when contributions fall due.

The South Australian Superannuation Board was appointed Trustee of the Scheme effective 1 July 2006. The Scheme was closed to new members as at 30 June 2008. For those staff who are not members of the Scheme, SAAS pays contributions in accordance with the relevant award or contract of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 and is held in SAAS.

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Defined benefit superannuation scheme</b>		
<b>Reconciliation of the present value of the defined benefit obligation:</b>		
Opening balance of defined benefit obligation	273,198	286,482
Current service cost	9,070	10,955
Interest cost	6,588	5,381
Contributions by scheme participants	5,008	5,251
Actuarial (gains)/losses	9,514	(23,191)
Benefits paid	(17,523)	(10,488)
Taxes, premiums and expenses paid	(1,872)	(1,780)
Transfers in	276	588
<b>Closing balance of defined benefit obligation</b>	<b>284,259</b>	<b>273,198</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of fair value of scheme assets:</b>		
Opening balance of scheme assets	245,890	225,383
Interest Income	6,063	4,373
Actual return on scheme assets less Interest Income	11,605	16,702
Contributions from the employer	7,014	5,861
Contributions by scheme participants	5,008	5,251
Benefits paid	(17,523)	(10,488)
Taxes, premiums and expenses paid	(1,872)	(1,780)
Transfers in	276	588
<b>Closing balance of scheme assets</b>	<b>256,461</b>	<b>245,890</b>

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	2018	2017
	\$'000	\$'000
<b>The amount included in the Statement of Financial Position arising from SAAS's obligations in respect of its defined benefit scheme is as follows:</b>		
Present value of defined benefit obligations	284,259	273,198
Fair value of scheme assets	(256,461)	(245,890)
<b>Net liability arising from defined benefit obligations</b>	<b>27,798</b>	<b>27,308</b>

	2018	2017
	\$'000	\$'000
<b>Included in the Statement of Financial Position:</b>		
Current provision for employee benefits - defined benefit obligations	17,768	17,613
Non-current provision for employee benefits - defined benefit obligations	10,030	9,695
<b>Closing balance of defined benefit obligation</b>	<b>27,798</b>	<b>27,308</b>

	2018	2017
	% pa	% pa
Australian equity	31	29
International equity	20	21
Fixed income	35	27
Property	12	12
Alternatives/Other	-	8
Cash	2	3
<b>Total</b>	<b>100</b>	<b>100</b>

In accordance with the revised AASB 119 the discount rate assumption is used to determine interest income and the expected return on assets assumption is no longer used. The actual return on scheme assets was a gain of \$17.668 million (\$21.075 million). Employer contributions of \$5.497 million are expected to be paid to the scheme for the year ending 30 June 2019. Expected employer contributions reflect the current 12.00% of salary contributions.

	2018	2017
	% pa	% pa
<b>Principal actuarial assumptions used (and expressed as weighted averages):</b>		
Discount rate (Defined benefit cost)	2.7	2.1
Expected rate of salary increase (Defined benefit cost)	3.5	4.0
Discount rate (Defined benefit obligation)	2.6	2.7
Expected rate of salary increase (Defined benefit obligation)	4.0	3.5

	2018	2017
	\$'000	\$'000
<b>Movement in net defined benefit liability</b>		
Net defined benefit liability at start of year	27,308	61,099
Defined benefit cost	9,595	11,963
Remeasurements	(2,091)	(39,893)
Employer contributions	(7,014)	(5,861)
<b>Net defined liability at end of year</b>	<b>27,798</b>	<b>27,308</b>

**Sensitivity analysis**

The defined benefit obligation as at 30 June 2018 under several scenarios is presented below. Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

- Scenario A: 0.5% p.a. lower discount rate assumption
- Scenario B: 0.5% p.a. higher discount rate assumption
- Scenario C: 0.5% p.a. lower salary increase rate assumption
- Scenario D: 0.5% p.a. higher salary increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate
Discount Rate	2.6%	2.1%	3.1%	2.6%	2.6%
Salary increase rate	4.0%	4.0%	4.0%	3.5%	4.5%
Defined benefit obligation (\$'000)	284,259	294,174	275,059	276,132	292,909

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Description of the regulatory framework

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

Description of other entities' responsibilities for the governance of the Scheme

The scheme's trustee (South Australian Superannuation Board) is responsible for the governance of the scheme. The trustee has a legal obligation to act solely in the best interests of scheme beneficiaries. The trustee has the following roles:

- administration of the scheme and payment to the beneficiaries from scheme assets when required in accordance with the scheme rules;
- management and investment of the scheme assets; and
- compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation plans.

Description of risks

There are a number of risks to which the Scheme exposes the employer. The more significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk

The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The scheme assets are invested in the Funds SA Balanced Investment option. The assets are diversified within this investment option and therefore the Scheme has no significant concentration of investment risk.

Funding arrangements

The financing objective adopted at the 30 June 2017 actuarial investigation of the scheme in a report dated 5 June 2018, is to maintain the value of the scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- 105% of Defined Benefit Vested Benefits.

In that valuation, it was recommended that the employer contribute to the scheme as follows:

- Defined Benefit members:
  - 12.00% of salary for all defined benefit members until 30 June 2018, then
  - 9.50% of salary for all defined benefit members after 1 July 2018, plus
  - Any additional employer contributions agreed between the employer and a member.
- Accumulation members:
  - 9.50% of ordinary time earnings, plus
  - Any additional employer contributions agreed between the employer and a member.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2018 is eight years.

**24. Provisions**

		2018	2017
<b>Current</b>	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
Workers compensation	24.1	1,710	4,251
<b>Total current provisions</b>		<b>1,710</b>	<b>4,251</b>
<b>Non-current</b>			
Workers compensation	24.1	13,308	5,467
<b>Total non-current provisions</b>		<b>13,308</b>	<b>5,467</b>
<b>Total provisions</b>		<b>15,018</b>	<b>9,718</b>

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**24.1 Workers Compensation**

*Workers compensation statutory provision*

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

*Workers compensation non-statutory provision*

Additional insurance/compensation arrangements for certain work related injuries have been introduced for most public sector staff through various enterprise bargaining agreements and industrial awards. This insurance/compensation is intended to provide continuing benefits to non-seriously injured workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme.

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, for the first time, as at 30 June 2018 provided by a consulting actuary (PricewaterhouseCoopers) engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2018 SAAS recognised a workers compensation non-statutory provision of \$9.030 million. As this provision was introduced in 2017-18 there are no comparatives available.

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

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	9,718	8,108
(Decrease)/Increase in provisions recognised	5,447	2,023
Reductions arising from payments/other sacrifices of future economic benefits	(147)	(413)
<b>Carrying amount at the end of the period</b>	<b>15,018</b>	<b>9,718</b>

**25. Other liabilities**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Unclaimed monies	4	62
Unearned revenue	171	185
Ambulance Cover Membership	2,085	1,583
Other	7	3
<b>Total current other liabilities</b>	<b>2,267</b>	<b>1,833</b>
<b>Total other liabilities</b>	<b>2,267</b>	<b>1,833</b>

**26. Unrecognised contractual commitments**

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

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**26.1 Operating lease expenditure commitments**

	2018	2017
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2,213	3,218
Later than one year but not longer than five years	2,550	3,841
Later than five years	1,981	2,107
<b>Total operating lease commitments</b>	<b>6,744</b>	<b>9,166</b>
Representing:		
Non-cancellable operating leases	6,744	9,166
<b>Total operating lease commitments</b>	<b>6,744</b>	<b>9,166</b>

SAAS has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee.

The majority of the operating lease arrangements are for the use of properties. The major commitments are for the properties at Eastwood, Parkside, Bedford Park, Ashford Hospital, Netley, Port Adelaide, Aldgate, Angaston, Gepps Cross and Edwardstown. SAAS has a number of other operating leases for the use of property. The value of these leases is immaterial.

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

**26.2 Expenditure commitments**

**26.2.1 Capital commitments**

	2018	2017
	\$'000	\$'000
<b>Capital commitments</b>		
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	1,037	7,488
<b>Total capital commitments</b>	<b>1,037</b>	<b>7,488</b>

SAAS's capital commitments are for plant and equipment ordered but not received and capital works.

**26.2.2 Other expenditure commitments**

	2018	2017
	\$'000	\$'000
<b>Other expenditure commitments</b>		
Within one year	204	859
<b>Total other expenditure commitments</b>	<b>204</b>	<b>859</b>

SAAS expenditure commitments are for agreements for goods and services ordered but not received.

SAAS also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2018 has not been quantified.

**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. Contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable or payable, the contingencies are disclosed on a gross basis.

**27.1 Contingent Assets**

SAAS is not aware of any contingent assets.

**27.2 Contingent Liabilities**

SAAS is not aware of any contingent liabilities.

**27.3 Guarantees**

SAAS has made no guarantees.

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**28. Related party transactions**

SAAS is controlled by the SA Government.

Related parties of SAAS 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.

**28.1 Significant transactions with government related entities**

Significant transactions with the SA Government are identifiable throughout this financial report. In addition, SAAS received funding from the SA Government via the Department (note 13), and incurred expenditure via the Department for inter-health staff recharging, medical, surgical and laboratory supplies, computing and insurance (note 4 and 29). The Department transferred capital works in progress of \$11.568 million (\$10.231 million) to SAAS.

Quantitative information about transactions and balances between SAAS and other SA Government controlled entities are disclosed at note 29.

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

**28.2 Transactions with Key Management Personnel and other related parties**

Compensation of key management personnel is disclosed in note 3.2.

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

**29. Transactions with SA Government**

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

Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>EXPENSE</b>						
3 Staff benefits expenses	101	278	219,989	193,356	220,090	193,634
4 Supplies and services	23,470	34,237	39,374	37,168	62,844	71,405
Administration	5	31	234	249	239	280
Advertising	25	33	480	266	505	299
Communication	1,851	1,606	1,537	1,407	3,388	3,013
Computing	1,891	1,871	799	675	2,690	2,546
Consultants	-	-	104	566	104	566
Contract of services	-	-	234	257	234	257
Contractors	-	-	467	132	467	132
Contractors - agency staff	4,515	15,274	728	795	5,243	16,069
Cost of goods sold	-	-	198	369	198	369
Drug supplies	329	254	224	219	553	473
Electricity, gas and fuel	6	2	1,049	720	1,055	722
Food supplies	38	39	11	10	49	49
Housekeeping	101	88	1,618	1,760	1,719	1,848
Insurance	1,517	1,479	67	48	1,584	1,527
Internal SA Health SLA payments	1,225	1,879	-	-	1,225	1,879
Legal	79	91	3	36	82	127
Medical, surgical and laboratory supplies	2,838	2,767	869	1,040	3,707	3,807
Minor equipment	16	106	1,124	1,088	1,140	1,194
Motor vehicle expenses	608	598	4,270	4,358	4,878	4,956
Occupancy rent and rates	126	114	2,427	2,100	2,553	2,214
Patient transport	4,085	3,665	13,798	12,846	17,883	16,511
Services from Shared Services SA	1,678	1,901	-	-	1,678	1,901
Postage	-	1	798	740	798	741
Printing and stationery	272	284	510	539	782	823
Rental expense on operating lease	1,786	1,731	175	-	1,961	1,731
Repairs and maintenance	44	78	2,115	1,633	2,159	1,711
Security	9	6	20	10	29	16
Staff training and development	214	184	798	362	1,012	546
Staff travel expenses	2	11	2,427	2,417	2,429	2,428
Other supplies and services	210	144	2,290	2,526	2,500	2,670

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Note	SA Government		Non-SA Government		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation expense	-	-	12,921	10,657	12,921	10,657
5 Grants and subsidies	-	-	-	700	-	700
Funding to non-government organisations	-	-	-	700	-	700
Bad and doubtful debts	-	-	17,764	17,992	17,764	17,992
6 Other expenses	208	137	1,200	1,356	1,408	1,493
Bank fees and charges	-	-	100	61	100	61
Other	208	137	1,100	1,295	1,308	1,432
<b>TOTAL EXPENSES</b>	<b>23,779</b>	<b>34,652</b>	<b>291,248</b>	<b>261,229</b>	<b>315,027</b>	<b>295,881</b>

**INCOME**

7 Revenues from fees and charges	33,132	30,927	96,042	94,963	129,174	125,890
Ambulance cover	-	-	26,953	24,679	26,953	24,679
Ambulance transport	27,525	26,055	66,622	67,140	94,147	93,195
Call Direct	-	-	1,156	1,195	1,156	1,195
Recoveries	4,591	3,980	89	12	4,680	3,992
Other user charges and fees	1,016	892	1,222	1,937	2,238	2,829
8 Grants and contributions	6,300	6,300	164	444	6,464	6,744
Other SA Government grants and contributions	6,300	6,300	-	-	6,300	6,300
Private sector grants and contributions	-	-	164	444	164	444
9 Interest revenues	41	46	-	-	41	46
10 Resources received free of charge	1,551	-	-	-	1,551	-
11 Net gain/(loss) from disposal of non-current and other assets	-	-	493	241	493	241
Total proceeds from disposal	-	-	937	411	937	411
Less total value of assets disposed	-	-	(317)	(159)	(317)	(159)
Less other costs of disposal	-	-	(127)	(11)	(127)	(11)
12 Other revenues/income	1,685	1,453	1,004	784	2,689	2,237
Commissions revenue	-	-	22	4	22	4
Training revenue	195	92	344	358	539	450
Donations	5	-	328	71	333	71
Emergency Services Levy	1,384	1,351	-	-	1,384	1,351
Bad debts recovered	-	-	-	18	-	18
Other	101	10	310	333	411	343
13 Revenues from SA Government	165,043	149,449	-	-	165,043	149,449
<b>TOTAL INCOME</b>	<b>207,752</b>	<b>188,175</b>	<b>97,703</b>	<b>96,432</b>	<b>305,455</b>	<b>284,607</b>

**FINANCIAL ASSETS**

15 Cash and cash equivalents	10,314	9,835	270	291	10,584	10,126
16 Receivables	2,107	4,254	21,939	23,966	24,046	28,220
Debtors	441	310	30,819	31,215	31,260	31,525
Less: allowance for doubtful debts	-	-	(20,728)	(19,395)	(20,728)	(19,395)
Prepayments	-	-	5,919	5,857	5,919	5,857
Workers compensation provision recoverable	1,666	3,944	-	-	1,666	3,944
Sundry receivables and accrued revenue	-	-	5,821	6,077	5,821	6,077
GST input tax recoverable	-	-	108	212	108	212
<b>TOTAL FINANCIAL ASSETS</b>	<b>12,421</b>	<b>14,089</b>	<b>22,209</b>	<b>24,257</b>	<b>34,630</b>	<b>38,346</b>

**FINANCIAL LIABILITIES**

22 Payables	1,083	1,517	10,545	11,098	11,628	12,615
Creditors and accrued expenses	891	1,264	4,619	6,272	5,510	7,536
Paid Parental Leave Scheme	-	-	18	4	18	4
Staff on-costs	-	-	5,794	4,719	5,794	4,719
Other payables	192	253	114	103	306	356
25 Other liabilities	-	-	2,267	1,833	2,267	1,833
Unclaimed monies	-	-	4	62	4	62
Unearned revenue	-	-	171	185	171	185
Ambulance Cover Membership	-	-	2,085	1,583	2,085	1,583
Other	-	-	7	3	7	3
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,083</b>	<b>1,517</b>	<b>12,812</b>	<b>12,931</b>	<b>13,895</b>	<b>14,448</b>

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**30. Cash flow reconciliation**

Reconciliation of cash and cash equivalents at the end of the reporting period:	2018 \$'000	2017 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	10,584	10,126
<b>Cash as per Statement of Financial Position</b>	<b>10,584</b>	<b>10,126</b>
<b>Balance as per Statement of Cash Flows</b>	<b>10,584</b>	<b>10,126</b>
<b>Reconciliation of net cash provided by operating activities to net cost of providing services:</b>		
Net cash provided by (used in) operating activities	14,118	1,751
Department for Health and Wellbeing contributions for the provision of health services	(165,043)	(149,449)
<b>Add/less non-cash items</b>		
Capital revenues	11,567	10,231
Depreciation and amortisation expense of non-current assets	(12,921)	(10,657)
Gain/(loss) on sale or disposal of non-current assets	493	241
Gain/(loss) on valuation of defined benefits	(2,091)	(39,893)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	(4,174)	5,805
Increase/(decrease) in inventories	115	29
Increase/(decrease) in other current assets	13	9
(Increase)/decrease in staff benefits	(11,977)	28,446
(Increase)/decrease in payables and provisions	(4,281)	(6,102)
(Increase)/decrease in other liabilities	(434)	(1,134)
<b>Net cost of providing service</b>	<b>(174,615)</b>	<b>(160,723)</b>

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

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

**31.1 Financial risk management**

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

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

**31.2 Liquidity Risk**

SAAS is funded principally by the Department for Health and Wellbeing. The Department for Health and Wellbeing works with the Department of Treasury and Finance 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 22 for further information.

**31.3 Credit and market risk**

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

Refer to notes 15 and 16 for further information.

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

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

**31.4 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

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The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below.

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

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 16 and 22).

Category of financial asset and financial liability	Notes	2018 Carrying amount/ Fair value S'000	2017 Carrying amount/ Fair value S'000
<b>Financial assets</b>			
Cash and equivalent			
Cash and cash equivalents	15,30	10,584	10,126
Loans and receivables			
Receivables <sup>(1)(2)</sup>	16	16,339	18,131
<b>Total financial assets</b>		26,923	28,257
<b>Financial liabilities</b>			
Financial liabilities at cost			
Payables <sup>(1)</sup>	22	5,521	7,793
Other liabilities	25	11	65
<b>Total financial liabilities</b>		5,532	7,858

<sup>(1)</sup> Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

<sup>(2)</sup> Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

### 32. Impact of Standards and Statements not yet implemented

SAAS did not voluntarily change any of its accounting policies during 2017-18.

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

#### 32.1 AASB 9 *Financial Instruments*

AASB 9 applies to reporting periods commencing after 1 January 2018. The application date for SAAS is 1 July 2018.

AASB 9 changes the requirements for classification, impairment and disclosures associated with SAAS's financial assets. AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value. SAAS has reviewed the impact of AASB 9 on the classification and measurement of its financial assets.

The following summarises the estimated impact on categorisation and valuation of the amounts reported in note 31.

- there will be no change to either the classification or valuation of cash and cash equivalent items.
- trade receivables will be classified as 'Debt' and measured at amortised cost, similar to the current classification of 'loans and receivables'.

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

Applying this approach, SAAS has estimated the opening impairment provision on 1 July 2018 to be \$13.714 million, a decrease of \$7.013 million compared to the amount reported at 30 June 2018, resulting in net receivables of \$31.059 million on transition and will not restate comparatives on adopting AASB 9.

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

**32.2 AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities**

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

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

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

Potential impacts identified at this time are:

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

**32.3 AASB 16 Leases**

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

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

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

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

SAAS has not yet quantified the exact impact on the Statement of Comprehensive Income and Statement of Financial Position as a result of applying AASB 16 to its right to use asset arrangements. However, SAAS's current operating lease commitments note (see note 26.1) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

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

**33. Events after balance date**

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

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

SAAS is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised.

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**34. Remuneration of board and committee members**

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

Board/Committee name:	Government employee members*	Other members
Finance Committee	7	
Risk Management and Audit Committee	-	Beilby J Professor, Sneddon Y (Chair), Taylor B (Resigned 31 December 2017)

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

	2018 No. of Members	2017 No. of Members
\$0	7	6
\$1 - \$9,999	3	3
<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 any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.013 million (\$0.013 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.