

Southern Adelaide
Local Health Network Incorporated

Financial report
for the year ended
30 June 2019



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To the Chief Executive Officer Southern Adelaide Local Health Network Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Southern Adelaide Local Health Network Incorporated as at 30 June 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Southern Adelaide Local Health Network Incorporated. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* 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, but not for the purpose of expressing an opinion on the effectiveness of the Southern Adelaide Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Andrew Richardson

Auditor-General

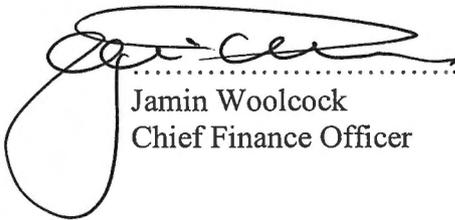
17 September 2019

Certification of the financial statements

We certify that the:

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


.....
Susan O'Neill
Chief Executive Officer


.....
Jamin Woolcock
Chief Finance Officer

Date 13.9.19

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
Expenses			
Staff benefits expenses	3	781,323	736,064
Supplies and services	4	298,104	299,362
Depreciation and amortisation expense	20	40,633	31,725
Grants and subsidies	5	271	487
Borrowing costs	6	406	745
Net loss from disposal of non-current and other assets	12	991	100
Impairment loss on receivables	16	(316)	(40)
Other expenses	7	1,258	1,312
Total expenses		1,122,670	1,069,755
Income			
Revenues from fees and charges	8	53,922	53,218
Grants and contributions	9	4,465	4,427
Interest revenues	10	144	160
Resources received free of charge	11	4,217	4,064
Other revenues/income	13	13,778	13,540
Total income		76,526	75,409
Net cost of providing services		1,046,144	994,346
Revenues from SA Government			
Revenues from SA Government	14	957,731	996,191
Total revenues from SA Government		957,731	996,191
Net result		(88,413)	1,845
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		(38)	82,613
Total other comprehensive income		(38)	82,613
Total comprehensive result		(88,451)	84,458

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	15	14,880	32,953
Receivables	16	21,806	19,358
Inventories	18	3,206	3,069
		<u>39,892</u>	<u>55,380</u>
Total current assets		39,892	55,380
Non-current assets			
Receivables	16	6,184	6,050
Other financial assets	17	2,601	2,657
Property, plant and equipment	20	739,164	767,065
Intangible assets	21	36	-
		<u>747,985</u>	<u>775,772</u>
Total non-current assets		747,985	775,772
Total assets		787,877	831,152
Current liabilities			
Payables	23	31,484	32,267
Borrowings	24	3,007	3,908
Staff benefits	25	111,684	101,184
Provisions	26	5,098	4,880
Other liabilities	27	2,496	184
		<u>153,769</u>	<u>142,423</u>
Total current liabilities		153,769	142,423
Non-current liabilities			
Payables	23	4,786	4,344
Borrowings	24	-	3,007
Staff benefits	25	154,207	121,883
Provisions	26	37,429	33,740
Other liabilities	27	343	334
		<u>196,765</u>	<u>163,308</u>
Total non-current liabilities		196,765	163,308
Total liabilities		350,534	305,731
Net assets		437,343	525,421
Equity			
Asset revaluation surplus		83,630	83,668
Retained earnings		353,713	441,753
		<u>437,343</u>	<u>525,421</u>
Total equity		437,343	525,421

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2017	1,055	440,808	441,863
Net result for 2017-18	-	1,845	1,845
Gain/(loss) on revaluation of land and buildings	82,613	-	82,613
Total comprehensive result for 2017-18	82,613	1,845	84,458
Transactions with SA Government as owner			
Net assets received from an administrative restructure	-	(900)	(900)
Balance at 30 June 2018	83,668	441,753	525,421
Adjustments on initial adoption of Accounting Standards	-	373	373
Adjusted balance at 1 July 2018	83,668	442,126	525,794
Net result for 2018-19	-	(88,413)	(88,413)
Gain/(loss) on revaluation of land and buildings	(38)	-	(38)
Total comprehensive result for 2018-19	(38)	(88,413)	(88,451)
Balance at 30 June 2019	83,630	353,713	437,343

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	2019	2018
Note	\$'000	\$'000
Cash flows from operating activities		
Cash outflows		
Staff benefits payments	(733,054)	(704,366)
Payments for supplies and services	(198,727)	(202,036)
Payments of grants and subsidies	(617)	(833)
Other payments	(1,310)	(814)
Cash used in operations	<u>(933,708)</u>	<u>(908,049)</u>
Cash inflows		
Fees and charges	42,144	42,512
Grants and contributions	5,310	6,603
Interest received	144	160
GST recovered from ATO	14,177	15,095
Other receipts	15,510	13,164
Cash generated from operations	<u>77,285</u>	<u>77,534</u>
Cash flows from SA Government		
Receipts from SA Government	855,626	892,114
Cash generated from SA Government	<u>855,626</u>	<u>892,114</u>
Net cash provided by operating activities	<u>(797)</u>	<u>61,599</u>
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(13,332)	(50,965)
Purchase of intangibles	(36)	-
Cash used in investing activities	<u>(13,368)</u>	<u>(50,965)</u>
Net cash provided by/(used in) investing activities	<u>(13,368)</u>	<u>(50,965)</u>
Cash flows from financing activities		
Cash outflows		
Repayment of borrowings	(3,908)	(3,546)
Cash used in financing activities	<u>(3,908)</u>	<u>(3,546)</u>
Cash inflows		
Cash received from restructuring activities	-	378
Cash generated from financing activities	<u>-</u>	<u>378</u>
Net cash provided by/(used in) financing activities	<u>(3,908)</u>	<u>(3,168)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(18,073)</u>	<u>7,466</u>
Cash and cash equivalents at the beginning of the period	32,953	25,487
Cash and cash equivalents at the end of the period	<u>28</u> <u>14,880</u>	<u>32,953</u>
Non-cash transactions	28	

The accompanying notes form part of these financial statements.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. Basis of financial statements

1.1 Reporting Entity

The Southern Adelaide Local Health Network (the Hospital) is a not-for-profit incorporated hospital under the *Health Care Act 2008*. The financial statements and accompanying notes include all controlled activities of the Hospital.

The Hospital does not control any other entity. It does have an interest in an unconsolidated structured entity (Flinders Fertility). Information on the Hospital's interests in other entities is at note 35.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.2 Statement of compliance

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

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

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.

Significant accounting policies are set out throughout the notes.

1.4 Taxation

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

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

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

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

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

1.5 Continuity of Operations

As at 30 June 2019, the Hospital had working capital deficiency of \$113.877 million (\$87.043 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

Government policy ensures that the Hospital will have adequate cash to meet expenditure requirements e.g. staff benefits expenses, capital works etc.

1.6 Equity

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1.7 Change in accounting policy

On 22 March 2019, pursuant to the *Public Finance and Audit Act 1987*, the Treasurer issued *Treasurer's Instructions (Accounting Policy Statements)* and revoked all previously issued Accounting Policy Statements. The new Accounting Policy Statements have largely been prepared on a no-policy change basis. The changes below do not impact the amounts reported in the financial statements:

- Removal of the requirement to report transactions with the SA Government.
- Removal of the requirement to report a statement of equity for administered items.
- Increase in bands from \$10,000 to \$20,000 for employee, board and committee member reporting.

AASB 9 Financial Instruments

The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to recognition, classification, impairment and measurement of the Hospital's financial assets.

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification is based on two criteria; the Hospital's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

As part of the adoption of AASB 9, the Hospital adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior years, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9. These disclosures have been included in the financial statements.
- APS requires adoption of AASB 9 without restating comparative information for classification and measurement requirements (i.e. continues to be reported under AASB 139). All adjustments are recognised in retained earnings at 1 July 2018.

The total impact on the Hospital's retained earnings as at 1 July 2018 is as follows:

	\$'000
Closing retained earnings 30 June 2018 – AASB 139	441,753
Decrease in provision for trade receivables (decrease in impairment allowance for receivables)*	373
Opening retained earnings 1 July 2018 – AASB 9	442,126

*this relates to applying the new expected credit loss (ECL) model rather than the incurred loss model.

The assessment of the Hospital's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on the financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

In summary, upon the adoption of AASB 9, the Hospital had the following required and elected reclassifications of financial assets as at 1 July 2018:

AASB 139 category	Carrying amount 30 June 2018 \$'000	AASB 9 measurement		Fair Value PL \$'000
		Amortised cost \$'000	Fair value OCI \$'000	
Receivables	11,882	12,254	-	-
Other financial assets*	2,657	-	-	2,657
Net carrying amount	14,539	12,254	-	2,657

* Flinders Reproductive Medicine Pty Ltd (out of scope of AASB 9 as it is a joint venture)

The following are the changes in the classification and measurement of financial assets:

- Trade receivables and loans, being debt instruments, remain measured at amortised cost, similar to the previous classification of loans and receivables under AASB 139.
- Term deposits are now classified as SPPI and remain measured at amortised cost, similar to the previous classification of 'held to maturity'.

Adoption of AASB 9 has not had an impact on the recognition, measurement and classification on the Hospital's financial liabilities.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

2. Objectives and activities

2.1 Objectives

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for Southern Adelaide, and is responsible to the Minister for Health and Wellbeing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based tertiary care including medical, surgical and other acute services, rehabilitation, mental and palliative health and other community health services to veterans and other persons living within the southern Adelaide metropolitan area.

The Chief Executive Officer administers and manages the Hospital 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 Southern Adelaide Local Health Network Advisory Council Incorporated was established pursuant to the *Health Care Act 2008 (the Act)*. The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

From 1 July 2019, the Hospital will be governed by a Board. The Board will be responsible for providing strategic oversight and monitoring of the Hospital's financial and operational performance. The Board must comply with any direction of the Minister for Health and Wellbeing or Chief Executive of the Department for Health and Wellbeing.

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

2.2 Changes to the reporting entity

2018-19

There were no transfers during this period.

2017-18

In December 2017, the Chief Executives of CALHN, NALHN, SALHN and WCHN agreed that clinical services associated with an LHN be transferred from SA Pathology (a part of CALHN) to that respective LHN. This included 18 employees for SALHN and budget funding of \$11.957 million over five years. The activities and functions transferred include the governance and control of clinical services by SA Pathology staff. Laboratory services will continue to be managed via an SLA between SA Pathology and the respective LHN. The effective date of transfer was 1 February 2018.

These resulted in net assets of \$0.900 million transferred into the Hospital; \$0.378 million cash, \$1.194 million staff benefits and \$0.084 million payables.

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

3. Staff benefits expenses

	2019 \$'000	2018 \$'000
Salaries and wages	593,822	568,807
Targeted Voluntary Separation Packages (refer below)	1,169	3,103
Long Service Leave	49,072	26,614
Annual leave	59,966	55,252
Skills and Experience Retention Leave	2,730	2,410
Staff on-costs - superannuation*	61,892	59,583
Workers compensation	10,327	17,658
Board and committee fees	240	116
Other staff related expenses	2,105	2,521
Total staff benefits expenses	781,323	736,064

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

3.1 Key Management Personnel

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

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

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

Compensation	2019	2018
	\$'000	\$'000
Salaries and other short term staff benefits	862	777
Post-employment benefits	82	137
Total	944	914

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

3.2 Remuneration of board and committee members

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

	2019	2018
	No. of	No. of
	Members	Members
\$0	282	268
\$1 - \$20,000	66	57
\$20,001 - \$40,000	1	-
\$60,001 - \$80,000	1	-
Total	350	325

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 \$0.256 million (\$0.121 million).

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

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

Refer to note 36 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

3.3 Remuneration of employees

	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$149,000 - \$151,000*	n/a	15
\$151,001 - \$171,000	123	117
\$171,001 - \$191,000	77	64
\$191,001 - \$211,000	44	42
\$211,001 - \$231,000	38	37
\$231,001 - \$251,000	47	37
\$251,001 - \$271,001	30	25
\$271,001 - \$291,000	25	16
\$291,001 - \$311,000	20	19
\$311,001 - \$331,000	25	23
\$331,001 - \$351,000	21	23
\$351,001 - \$371,000	24	22
\$371,001 - \$391,001	18	24
\$391,001 - \$411,000	28	19
\$411,001 - \$431,000	27	24
\$431,001 - \$451,000	18	19
\$451,001 - \$471,000	19	20
\$471,001 - \$491,000	9	8
\$491,001 - \$511,000	11	9
\$511,001 - \$531,000	7	13
\$531,001 - \$551,000	13	5
\$551,001 - \$571,000	5	3
\$571,001 - \$591,000	-	1
\$591,001 - \$611,000	2	-
\$631,001 - \$651,000	-	1
\$651,001 - \$671,000	1	-
Total	632	586

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2017-18.

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

3.4 Remuneration of employees by classification

The total remuneration received by these employees included above:

	2019		2018	
	No.	\$'000	No.	\$'000
Nursing remuneration	42	7,223	34	5,409
Medical (excluding Nursing) remuneration	578	168,573	537	155,017
Non-medical (i.e. administration) remuneration	5	814	6	1,151
Executive remuneration	7	1,666	9	1,752
Total	632	178,276	586	163,329

3.5 Targeted voluntary separation packages (TVSP)

	2019	2018
	\$'000	\$'000
Amount paid to separated staff:		
Targeted Voluntary Separation Packages	1,169	3,103
Recovery from the Department of Treasury and Finance (DTF)	253	3,103
Leave paid/payable to those employees	1,004	1,024
Net cost to the Hospital	1,920	1,024

The number of staff who received a TVSP during the reporting period	24	60
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2019 TVSPs include separations resulting from the Registered Nurse/Midwife Renewal Program.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

4. Supplies and services

	2019	2018
	\$'000	\$'000
Administration	218	217
Advertising	2,011	2,285
Communication	1,486	1,732
Computing	10,191	10,645
Consultants	-	37
Contract of services	4,016	3,658
Contractors	2,322	3,223
Contractors - agency staff	17,335	21,022
Drug supplies	17,579	17,030
Electricity, gas and fuel	8,796	9,410
Fee for service	37,977	36,254
Food supplies	11,042	11,129
Housekeeping	11,612	11,660
Insurance	5,944	5,678
Internal SA Health SLA payments	6,539	7,109
Legal	758	209
Medical, surgical and laboratory supplies	93,300	88,001
Minor equipment	3,775	3,328
Motor vehicle expenses	1,866	2,239
Occupancy rent and rates	3,003	3,374
Patient transport	6,360	6,281
Services from Shared Services SA	4,237	4,092
Postage	1,318	1,250
Printing and stationery	2,194	2,235
Rental expense on operating lease	1,796	1,293
Repairs and maintenance	14,683	19,016
Security	6,163	7,497
Staff training and development	10,953	9,836
Staff travel expenses	486	517
Other supplies and services	10,144	9,105
Total supplies and services	298,104	299,362

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The aggregate benefit of lease incentives received by the Hospital in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Professional indemnity and general public insurance

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

Consultants

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

	2019		2018	
	No.	\$'000	No.	\$'000
Above \$10,000	-	-	1	37
Total	-	-	1	37

5. Grants and subsidies

	2019	2018
	\$'000	\$'000
Funding to non-government organisations	271	487
Total grants and subsidies	271	487

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

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6. Borrowing costs

	2019	2018
	\$'000	\$'000
Interest paid/payable on borrowings	406	745
Total borrowing costs	406	745

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$0.406 million (\$0.745 million).

7. Other expenses

	2019	2018
	\$'000	\$'000
Bank fees and charges	43	39
Debts written off	660	186
Donated assets expense	8	-
Net loss on revaluation of investments	56	38
Other*	491	1,049
Total other expenses	1,258	1,312

*Includes audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.384 million (\$0.318 million). No other services were provided by the Auditor-General's Department.

8. Revenues from fees and charges

	2019	2018
	\$'000	\$'000
Fines, fees and penalties	29	19
Patient and client fees	29,274	28,019
Private practice fees	3,486	3,895
Recoveries	20,014	19,997
Sale of goods - medical supplies	247	465
Other user charges and fees	872	823
Total revenues from fees and charges	53,922	53,218

9. Grants and contributions

	2019	2018
	\$'000	\$'000
Commonwealth grants and donations	186	265
Other SA Government grants and contributions	1,376	1,559
Private sector grants and contributions	2,903	2,603
Total grants and contributions	4,465	4,427

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

Restrictions on contributions received

Of the \$4.465 million (\$4.427 million) received in 2018-19 for grants and contributions, \$1.317 million (\$1.230 million) was provided for specific purposes, such as research and associated activities.

10. Interest revenues

	2019	2018
	\$'000	\$'000
Interest on Special Purpose Funds	144	160
Total interest revenues	144	160

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11. Resources received free of charge

	2019	2018
	\$'000	\$'000
Services	4,217	4,064
Total resources received free of charge	4,217	4,064

The Hospital receives Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

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

	2019	2018
	\$'000	\$'000
Land and buildings:		
Less net book value of assets disposed	(686)	-
Net gain/(loss) from disposal of land and buildings	(686)	-
Plant and equipment:		
Less net book value of assets disposed	(305)	(100)
Net gain/(loss) from disposal of plant and equipment	(305)	(100)
Total assets:		
Less total value of assets disposed	(991)	(100)
Total net gain/(loss) from disposal of non-current and other assets	(991)	(100)

Gains or losses on disposal are recognised at the date control of the asset is passed from the Hospital and are determined after deducting the 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.

13. Other revenues/income

	2019	2018
	\$'000	\$'000
Commissions revenue	21	24
Training revenue	1	10
Donations	196	408
Car parking revenue	5,832	5,456
Other	7,728	7,642
Total other revenues/income	13,778	13,540

14. Revenues from SA Government

	2019	2018
	\$'000	\$'000
Recurrent funding	943,767	942,284
Capital funding	13,964	53,907
Total revenues from Department for Health and Wellbeing	957,731	996,191

The Department provides recurrent and capital funding under a service level agreement to the Hospital for the provision of general health services. Contributions from the Department are recognised upon receipt.

15. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank or on hand	1,389	1,610
Deposits with Treasurer	13,491	31,343
Total cash	14,880	32,953

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

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Deposits with the Treasurer

The Hospital operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. The Hospital earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer.

16. Receivables

	Note	2019 \$'000	2018 \$'000
Current			
Patient/client fees: compensable		653	1,059
Patient/client fees: other		9,862	8,220
Debtors		5,218	4,441
Less: allowance for impairment of receivables	16.1	(1,149)	(1,838)
Prepayments		3,807	4,115
Workers compensation provision recoverable		1,774	1,809
Sundry receivables and accrued revenue		992	877
GST input tax recoverable		649	675
Total current receivables		21,806	19,358
Non-current			
Debtors		919	903
Prepayments		1,600	1,656
Workers compensation provision recoverable		3,665	3,491
Total non-current receivables		6,184	6,050
Total receivables		27,990	25,408

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

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

16.1 Impairment of receivables

AASB 9 replaces the incurred loss model in AASB 139 with an expected credit loss model. The new impairment requirements result in a provision being applied to all receivables (expected loss) rather than only on those receivables that are credit impaired (incurred loss). The Hospital has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using a provision matrix as a practical expedient to measure the impairment provision. This results in a decrease of the loss allowance on 1 July 2018 for trade receivables external to State, Territory or Commonwealth Government (due to Governments' high quality credit rating).

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Movement in the allowance for impairment of receivables:

	2019 \$'000	2018 \$'000
Balance at 30 June under AASB 139	1,838	1,878
Adjustments on initial adoption of AASB 9	(373)	-
Carrying amount at the beginning of the period	1,465	1,878
Increase/(Decrease) in allowance recognised in profit or loss	(316)	(40)
Carrying amount at the end of the period	1,149	1,838

Refer to note 33 for details regarding credit risk and the methodology for determining impairment.

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17. Other financial assets

	2019	2018
	\$'000	\$'000
Non-current		
Joint venture	2,601	2,657
Total other financial assets	2,601	2,657

The joint venture represents the Hospital's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility, which is the only joint arrangement in which the Hospital participates.

According to the terms of the joint venture, profit earned during the financial year is to be distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. However, it has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business. Therefore the Hospital recognises their ownership interest of the distribution as a financial asset.

There is no impairment on other financial assets. Refer to note 33 for information on risk management.

18. Inventories

	2019	2018
	\$'000	\$'000
Drug supplies	691	643
Inventory imprest stock	2,066	2,020
Other	449	406
Total current inventories - held for distribution	3,206	3,069

Inventories held for distribution at no or nominal consideration, 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.

19. Property, plant and equipment.

19.1 Acquisition and recognition

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

The Hospital capitalises all non-current tangible property, plant and equipment 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.

19.2 Depreciation and amortisation

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

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed on an annual basis.

Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Other plant and equipment	3 - 25
Intangible assets	5 - 30

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19.3 Revaluation

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

The Hospital revalues all land, buildings and site improvements on a regular cycle via a Certified Practising Valuer. The revaluation of 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.

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.

19.4 Impairment

The Hospital holds its property, plant and equipment 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. 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.

Impairment Events

2017/18

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

2018/19

As part of Reactivating the Repat Health Precinct certain buildings previously impaired to nil value were identified for reactivation. As a consequence, the impairment of these buildings was reversed. Other buildings at the Repat Health Precinct were identified to be demolished, resulting in impairment to nil value.

19.5 Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed on an annual basis.

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria (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.

19.6 Valuation of land and building

An independent valuation of land and buildings including site improvements was performed in March 2018 by a certified practising valuer from James Lang Lasalle (SA) Pty Ltd, as at 1 June 2018.

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

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

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20. Reconciliation of property, plant and equipment

The following table shows the movement:
2018-19

	Land and buildings:		Capital works in progress land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment:		Capital works in progress plant and equipment \$'000	Total \$'000
	Land \$'000	Buildings \$'000			Medical/surgical/dental/biomedical \$'000	Other plant and equipment \$'000		
Carrying amount at the beginning of the period	43,255	683,788	20,100	4,065	12,458	2,604	795	767,065
Additions	-	-	10,035	-	3,343	213	210	13,801
Disposals	-	-	(686)	-	(136)	(169)	-	(991)
Donated assets disposal	-	-	-	-	(8)	-	-	(8)
Transfers between asset classes	-	25,287	(24,842)	-	125	192	(762)	-
Other movements	-	-	-	-	-	-	(32)	(32)
Subtotal:	43,255	709,075	4,607	4,065	15,782	2,840	211	779,835
Gains/(losses) for the period recognised in net result:								
Depreciation and amortisation	-	(35,876)	-	(283)	(4,063)	(411)	-	(40,633)
Subtotal:	-	(35,876)	-	(283)	(4,063)	(411)	-	(40,633)
Gains/(losses) for the period recognised in other comprehensive income:								
Revaluation increment / (decrement)	-	(38)	-	-	-	-	-	(38)
Impairment (losses) / reversals	-	-	-	-	-	-	-	-
Subtotal:	-	(38)	-	-	-	-	-	(38)
Carrying amount at the end of the period	43,255	673,161	4,607	3,782	11,719	2,429	211	739,164
Gross carrying amount								
Gross carrying amount	43,255	712,666	4,607	5,767	41,593	9,830	211	817,929
Accumulated depreciation / amortisation	-	(39,505)	-	(1,985)	(29,874)	(7,401)	-	(78,765)
Carrying amount at the end of the period	43,255	673,161	4,607	3,782	11,719	2,429	211	739,164

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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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	28,011	436,329	167,146	4,460	9,251	3,029	1,030	649,256
Additions	-	-	44,710	-	6,328	40	18	51,096
Disposals	-	-	-	-	(62)	(38)	-	(100)
Transfers between asset classes	-	191,243	(191,756)	-	766	-	(253)	-
Reclassified to held for sale	2,572	13,353	-	-	-	-	-	15,925
Subtotal:	30,583	640,925	20,100	4,460	16,283	3,031	795	716,177
Gains/(losses) for the period recognised in net result:								
Depreciation and amortisation	-	(27,078)	-	(395)	(3,825)	(427)	-	(31,725)
Subtotal:	-	(27,078)	-	(395)	(3,825)	(427)	-	(31,725)
Gains/(losses) for the period recognised in other comprehensive income:								
Revaluation increment / (decrement)	12,672	69,941	-	-	-	-	-	82,613
Subtotal:	12,672	69,941	-	-	-	-	-	82,613
Carrying amount at the end of the period	43,255	683,788	20,100	4,065	12,458	2,604	795	767,065
Gross carrying amount								
Gross carrying amount	43,255	687,547	20,100	5,767	40,495	10,507	795	808,466
Accumulated depreciation / amortisation	-	(3,759)	-	(1,702)	(28,037)	(7,903)	-	(41,401)
Carrying amount at the end of the period	43,255	683,788	20,100	4,065	12,458	2,604	795	767,065

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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21. Reconciliation of intangible assets

The following table shows the movement:

	2018-19	
	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	-	-
Additions	36	36
Carrying amount at the end of the period	36	36
Gross carrying amount		
Gross carrying amount	36	36
Carrying amount at the end of the period	36	36

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22. Fair value measurement

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

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

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

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

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

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

Refer to notes 19 and 22.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

22.1 Fair value hierarchy

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

Fair value measurements at 30 June 2019

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements (Note 20)		
Land	43,255	43,255
Buildings and improvements	673,161	673,161
Leasehold improvements	3,782	3,782
Plant and equipment	14,148	14,148
Total recurring fair value measurements	734,346	734,346
Total	734,346	734,346

Fair value measurements at 30 June 2018

	Level 3	Total
	\$'000	\$'000
Recurring fair value measurements (Note 20)		
Land	43,255	43,255
Buildings and improvements	683,788	683,788
Leasehold improvements	4,065	4,065
Plant and equipment	15,062	15,062
Total recurring fair value measurements	746,170	746,170
Total	746,170	746,170

Non-recurring fair value measurement is applicable to land and buildings held for sale. There are no non-recurring fair value measurements in 2018-19.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 19 and 22.2.

During 2019 and 2018, the Hospital had no valuations categorised into Level 1, there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels in 2018-19.

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22.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

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

Unobservable inputs used to arrive at final valuation figures included:

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

Although there were some land and buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all land and buildings have been classified as Level 3.

23. Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors and accrued expenses	20,118	19,335
Paid Parental Leave Scheme	73	47
Staff on-costs*	9,942	11,368
Other payables	1,351	1,517
Total current payables	31,484	32,267
Non-current		
Staff on-costs*	4,604	4,157
Other payables	182	187
Total non-current payables	4,786	4,344
Total payables	36,270	36,611

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has decreased from 35% to 29%. The average factors for the calculation of employer superannuation on-costs have changed from 2018 (9.98%) to 2019 (9.80%); these rates are used in the staff on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in staff benefits expenses and the staff on-cost liability of \$1.098 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 33 for information on risk management.

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24. Borrowings

	2019	2018
	\$'000	\$'000
Current		
Loans	3,007	3,908
Total current borrowings	3,007	3,908
Non-current		
Loans	-	3,007
Total non-current borrowings	-	3,007
Total borrowings	3,007	6,915

The contractual maturities for loans (financial liabilities at cost) are within 5 years. The Hospital measures financial liabilities including borrowings/debt at amortised cost. The decrease in loans liability of \$3.908 million (\$3.546 million) arises from financing cash outflows.

Refer to note 33 for information on risk management.

Defaults and breaches

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

25. Staff benefits

	2019	2018
	\$'000	\$'000
Current		
Annual leave	73,756	70,966
Long service leave	14,233	8,695
Accrued salaries and wages	18,648	16,444
Skills and experience retention leave	4,785	4,882
Other	262	197
Total current staff benefits	111,684	101,184
Non-current		
Long service leave	154,207	121,883
Total non-current staff benefits	154,207	121,883
Total staff benefits	265,891	223,067

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 employee benefits are measured at nominal amounts.

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

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

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

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

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability.

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The yield on long term Commonwealth Government bonds has decreased from 2018 (2.69%) to 2019 (1.25%). This decrease of the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the bond yield and actuarial assumptions, including experience profile of employee promotion and departures, in the current year is an increase in the long service leave liability of \$24.948 million, payables (employee on-costs) of \$0.745 million and staff benefits expense of \$25.693 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4.00% for long service leave liability and decreased the salary inflation rate from 3.00% to 2.20% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in the annual leave liability of \$0.577 million, skills and experience retention leave liability of \$0.037 million, payables (employee on-costs) of \$0.061 million and staff benefits expense of \$0.676 million.

26. Provisions

		2019	2018
	Note	\$'000	\$'000
Current			
Workers compensation	26.1	5,098	4,880
Total current provisions		5,098	4,880
Non-current			
Workers compensation	26.1	37,429	33,740
Total non-current provisions		37,429	33,740
Total provisions		42,527	38,620

26.1 Workers Compensation

Workers compensation statutory provision

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2019 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 claims costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers Compensation non-statutory provision

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability provided by a consulting actuary 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), 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 2019 the Hospital recognised workers compensation non-statutory provision of \$0.429 million (\$0.313 million).

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Reconciliation of workers compensation (statutory and non-statutory)

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	38,620	26,304
Increase in provisions recognised	5,171	13,211
Reductions arising from payments/other sacrifices of future economic benefits	(1,264)	(895)
Carrying amount at the end of the period	42,527	38,620

27. Other liabilities

	2019	2018
	\$'000	\$'000
Current		
Unclaimed monies	20	-
Unearned revenue	2,200	181
Other	276	3
Total current other liabilities	2,496	184
Non-current		
Lease incentive	343	334
Total non-current other liabilities	343	334
Total other liabilities	2,839	518

28. Cash flow reconciliation

	2019	2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	14,880	32,953
Cash as per Statement of Financial Position	14,880	32,953

Balance as per Statement of Cash Flows	14,880	32,953
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Reconciliation of net cash provided by operating activities to net cost of providing services:

Net cash provided by (used in) operating activities	(797)	61,599
Revenues from SA Government	(957,731)	(996,191)

Add/less non-cash items

Asset donated free of charge	(8)	-
Depreciation and amortisation expense of non-current assets	(40,633)	(31,725)
Gain/(loss) on sale or disposal of non-current assets	(991)	(100)
Net effect of the adoption of new Accounting Standard	(373)	-
Non-current assets derecognised	(32)	-
Revaluation of investments	(56)	(38)

Movement in assets and liabilities

Increase/(decrease) in receivables	2,582	139
Increase/(decrease) in inventories	137	(67)
Increase/(decrease) in other current assets	-	-
(Increase)/decrease in staff benefits	(42,824)	(16,594)
(Increase)/decrease in payables and provisions	(3,097)	(11,273)
(Increase)/decrease in other liabilities	(2,321)	(96)
Net cost of providing service	(1,046,144)	(994,346)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position.

29. Unrecognised contractual commitments

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

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29.1 Operating lease revenue commitments

	2019	2018
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:		
Within one year	87	130
Later than one year but not longer than five years	6	96
Total operating lease commitments	93	226

The Hospital's operating lease revenue relates to office space and shops leased to other organisations.

29.2 Operating lease expenditure commitments

	2019	2018
	\$'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	2,001	2,376
Later than one year but not longer than five years	5,225	6,259
Later than five years	5,213	6,036
Total operating lease commitments	12,439	14,671

Representing:

Non-cancellable operating leases	12,439	14,671
Total operating lease commitments	12,439	14,671

The Hospital's operating lease expenses are for office accommodation and car parking. Office accommodation and car parking are leased from a variety of organisations. The leases are non-cancellable with various terms. Some leases have the right of renewal. Rent is payable in arrears.

29.3 Other expenditure commitments

	2019	2018
	\$'000	\$'000
Within one year	40,791	36,629
Later than one year but not longer than five years	83,247	128,744
Later than five years	51,819	3,017
Total other expenditure commitments	175,857	168,390

The Hospital's expenditure commitments are for agreements for goods and services contracted but not received.

30. Contingent assets and liabilities

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

30.1 Contingent assets

The Hospital is not aware of any contingent assets.

30.2 Contingent liabilities

The Hospital is not aware of any contingent liabilities.

30.3 Guarantees

The Hospital has made no guarantees.

31. 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 provides information about conditions that existed at 30 June.

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

As discussed in Note 2.1, the Hospital's Governing Board commenced 1 July 2019. The Hospital is not aware of any other material events occurring between the end of the reporting period and when the financial statements were authorised.

32. Impact of Standards and Statements not yet implemented

The Hospital has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Hospital are outlined below.

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

The Hospital will adopt these standards from 1 July 2019.

AASB 15 establishes a comprehensive framework for determining the nature, amount and timing of revenue arising from contracts with customers. The objective of AASB 15 is for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. This standard replaces AASB 111 *Construction Contracts* and AASB 118 *Revenue*.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. This standard replaces parts of AASB 1004 *Contributions*.

Adopting AASB 15 and AASB 1058 is expected to have an immaterial impact on the timing and recognition of revenue of the Hospital.

The Hospital has completed an extensive review of all revenue streams to ensure compliance with AASB 15 and AASB 1058 and has assessed the impact on the nature, amount and timing of revenue recognition as:

- Revenues from SA Government (92.4%) will continue to be recognised as income when the Hospital obtains control of the funds (ie. upon receipt).
- Interest income will continue to be recognised via AASB 9.
- Resources received free of charge (0.4%) relates to contributed services and contributed assets. Material contributed services will continue to be recognised where they would have been purchased if they were not donated via AASB 1058 (previously AASB 1004). Where contributed assets do not have sufficiently specific performance obligations these will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004) e.g. donated inventory.
- All material Commonwealth revenues and other grants (0.6%) have been assessed, and will continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations upon receipt. There are no material changes to the amount or timing of grant income recognition.
- All material Fees and Charges (5.2%) have been assessed and revenue will continue to be recognised as the service/performance obligations are satisfied.
- Taxes, rates and fines will continue to be recognised as income when the taxable event occurs.
- Peppercorn lease arrangements will continue to be recognised at nominal amounts until the AASB develops valuation guidance.

Revenue earned in prior periods but not yet receivable will be recorded as a contract asset (currently recorded as an accrual) in the Statement of Financial Position. Revenue received in prior periods but not yet earned will be recorded as a contract liability (currently recorded as unearned revenue) in the Statement of Financial Position. It is expected that adoption of AASB 15 and AASB 1058 will have an immaterial impact on the Statement of Financial Position.

As per the Accounting Policy Statements, the Hospital will apply AASB 15 and AASB 1058 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives will not be restated); not apply the completed contract expedient; and not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 Leases

The Hospital will adopt this standard from 1 July 2019. This standard replaces AASB 117 *Leases* and Interpretations 4, 115 and 127.

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

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

The Hospital has assessed the impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements outlined in the Accounting Policy Statements. As per the Accounting Policy Statements, the Hospital will apply AASB 16's transition approach only to those leases already identified as a lease under AASB 117, and apply incremental borrowing rates based on SAFA's rates for principal and interest loans to SA Government agencies.

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AASB 16 will have a material impact on the Statement of Financial Position. The estimated impact of this change and the results as at 1 July 2019 are set out below:

	\$'000
Assets	
Right of Use Assets	11,218
Liabilities	
Lease Liabilities	(11,218)
Other Liabilities (lease incentive liabilities)*	343
Net impact on Equity	343

* lease incentive liabilities remaining will be written off against retained earnings at transition date

AASB 16 will also impact the Statement of Comprehensive Income. The impact is largely a reclassification between supplies and services expenses and depreciation and interest expenses, as set out below:

	\$'000
Depreciation and Amortisation	2,378
Supplies and Services	(1,999)
Borrowing Costs	283
Net impact on Net Cost of Providing Services	662

The adoption of AASB 16 also impacts SA Health's sublease arrangements. The Hospital has entered into a number of arrangements where it subleases property. As lessor, under AASB 16 the Hospital will continue to classify each sublease as an operating lease or a finance lease. AASB 16 requires such classification to be made on the basis of whether substantially all the risks and rewards associated with the right-of-use asset arising from the head lease have been transferred to the sublessee. This differs from AASB 117, which required consideration of whether substantially all the risks and rewards incidental to ownership of the underlying asset had been transferred to the sublessee. Under AASB 16, it is envisaged that all of the Hospital's subleases will be classified as operating leases.

As per the Accounting Policy Statements, the Hospital will apply AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives will not be restated); not apply AASB 16 to contracts that were not previously identified as containing a lease under AASB 117; not transition operating leases for which the lease term ends before 30 June 2020.

In addition, the Hospital will not apply AASB 16 to intangible assets; will adopt a \$15,000 threshold for determining whether an underlying asset is a low value asset, will apply the short term lease recognition exemption; will adopt the revaluation model where permitted; will apply the relevant lessee's incremental borrowing rate published by DTF; and not record at fair value leases that have significantly below-market terms and conditions.

33. Financial instruments/financial risk management

33.1 Financial risk management

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

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

Liquidity Risk

The Hospital is funded principally by the Department. The Department works with DTF to determine the cash flows associated with this 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 23 and 24 for further information.

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Credit risk

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

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

Market risk

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

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

33.2 Categorisation of financial instruments

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

Classification applicable until 30 June 2018 under AASB 139

The carrying amounts of financial assets and liabilities were categorised as: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Hospital did not recognise any financial assets or financial liabilities at fair value, except as disclosed 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 23).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer note 24).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer note 17).

Classification applicable from 1 July 2018 under AASB 9

The carrying amounts of each of the following categories of financial assets and liabilities: financial assets measured at amortised cost; financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income; and financial liabilities measured at amortised cost are detailed below. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

A financial asset is measured at amortised cost if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

Category of financial asset and financial liability	Notes	2019 Carrying amount/ Fair value \$'000	2018 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	15	14,880	32,953
Amortised cost			
Receivables ⁽¹⁾⁽²⁾	16	16,250	13,662
Fair value through profit or loss			
Other financial assets	17	2,601	2,657
Total financial assets		33,731	49,272
Financial liabilities			
Financial liabilities at amortised cost			
Payables ⁽¹⁾	23	21,277	20,721
Borrowings	24	3,007	6,915
Other liabilities	27	394	337
Total financial liabilities		24,678	27,973

Comparative amounts shown above reflect reclassification in accordance with AASB 9, refer to note 1.7 for categories under AASB 139.

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- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes, Auditor-General's Department audit fees etc). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

33.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. A provision matrix is used to measure the ECL of receivables from non-government debtors. The ECL of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result.

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

To measure the ECL, receivables are grouped based on days past due and debtor types that have similar risk characteristics and loss patterns (i.e. by patient, sundry and compensable). The provision matrix is initially based on the Hospital's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Hospital considers reasonable and supportable information that is relevant and available without undue cost or effort; about past events, current conditions and forecasts of future economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Hospital's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

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

	30 June 2019			1 July 2018 (remeasurement)		
	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses
	%	\$'000	\$'000	%	\$'000	\$'000
Days past due						
Current	0.9 – 3.0 %	4,709	48	0.9 – 3.0 %	4,799	45
<30 days	1.5 – 3.6 %	2,983	50	1.6 – 3.7 %	1,815	29
31-60 days	2.3 – 6.1%	1,879	46	2.4 – 6.4 %	1,042	29
61-90 days	3.9 – 8.0 %	727	35	4.3 – 8.4 %	388	18
91-120 days	6.3 – 10.6 %	808	52	6.6 – 11.0 %	397	27
121-180 days	10.1 – 13.2 %	769	85	9.2 – 13.0 %	464	42
181-360 days	16.8 – 30.8 %	667	126	13.4 – 28.7 %	1,188	185
361-540 days	40.2 – 46.2 %	415	170	36.1 – 40.5 %	634	222
>540 days	49.5 – 66.1 %	1,052	536	44.7 – 60.4 %	1,971	869
Total		14,009	1,148		12,698	1,466

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34. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 14), and incurred expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 4). The Department transferred capital works in progress of \$6.443 million (\$65.687 million) to the Hospital. The Hospital has an outstanding loan balance payable to the Department at 30 June of \$3.007 million (\$6.915 million). The Hospital incurred expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$1.189 million (\$4.586 million).

In addition, the Hospital 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.

35. Interests in other entities

Equity accounted investment

Long Entity Name: Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility

Ownership interest: 50%

Disclosure:

Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility is the only joint arrangement in which the Hospital participates.

Flinders Fertility is structured as a private trust which is not a reporting entity and is not publicly listed. The Hospital and Flinders University each have a 50% beneficial entitlement to the net assets of the trust. Accordingly, the interest is classified as a joint venture with the investment measured using the equity accounting method.

The Hospital's share in the equity of the Flinders Fertility is calculated based on the draft financial statements provided as at the reporting period and subsequently adjusted when the final Audited financial statements are available.

Based on the audited financial statements as at 30 June 2018, Flinders Fertility incurred a loss and the draft financial statements as at 30 June 2019 project a further loss. The losses for both years have not been distributed to the beneficiaries.

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

	2019	2018
Percentage ownership interest	50 %	50 %
	\$'000	\$'000
Current assets	1,516	2,467
Current liabilities	(1,569)	(6,731)
Non-current assets	3,068	1,768
Non-current liabilities	(6,768)	(243)
Net assets	(3,753)	(2,739)
Groups share of net assets (50%)		
Share of beneficial entitlement	2,601	2,601
Carrying amount of interest in joint venture	2,601	2,601
Expenses	(5,277)	(6,819)
Revenue	4,264	5,370
Profit/(loss) and total comprehensive income	(1,013)	(1,449)
Entity's share of profit and total comprehensive income (50%)*	(506)	(724)

* The losses have not been distributed at this stage.

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36. 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 APS 124.B were:

Board/Committee name:	Government	
	employee members	Other members
Mental Health Consumer and Carer Advisory group (formerly Consumer Administration Liaison Meeting)	18	Buer S, Hofhius C, King P
DASSA Clinical Executive Committee	8	Moore P
DASSA Community Advisory Council	5	Braund S, Cauchi R, Davis J, Daw H (appointed 25/07/2018), Hellier T, Huber N, Kelly K, Les D, McHendrie T, McLean J (appointed 25/07/2018), Mohan V, Moore P, Nimmo E, O'Brien J (appointed 25/07/2018), Percy S, Petracco C (appointed 25/07/2018) Porcaro R, Tran K, Whiteway L (appointed 25/07/2018)
DASSA Executive Group	10	Nimmo E, O'Brien J (appointed 28/02/2019)
Outer South Lived Experience Mental Health Services (formerly Outer South Mental Health Consumer Carer Advisory Group)	1	Alick R, Buer S (Chair), Burridge H, Cairns E, Hopkins R, Hutchison S, Mausolf A, McDonagh A, Penberthy V, Winfield U
Partnering with Consumer Advisory Group	1	Ashley I (ceased 01/02/2019), Ball R, Christensen C, Dame T, Davies S, Hoiles J, King P, Klinge N (Chair), Pascoe P, Voss D, Roberts D (appointed 01/01/2019), Duke J (appointed 01/01/2019), Rickett D (appointed 01/01/2019)
Southern Adelaide Clinical Human Research Ethics Committee	27	Barr C, Berg M, Bradshaw A, Bredan K, Cohen M, Dykes L, Hackett J, Hattam V, Kemp C, Kimber A, Lange B, Lister C, Lower K, Martini J, McEvoy M, Meng R, Nguyen A, Richards B (Chair)(ceased 01/03/2019), Sharma S, Sinha R, Voss D, Were L, Westwood T, Yip L, Zhou Y
Southern Adelaide Local Health Network Audit & Risk Management Committee	0	Hislop R, Stubbs T (Chair), Haslam R
Southern Adelaide Local Health Network Clinical Council	28	Dame T, Tellis N, Voss D
Southern Adelaide Local Health Network Communicating for Safety Committee (formerly Southern Adelaide Local Health Network Clinical Handover Steering Committee)	20	Dame T (ceased 01/08/2018)
Southern Adelaide Local Health Network Community Mental Health Governance Committee	20	Hoiles J, King P, Mausolf J
Southern Adelaide Local Health Network Community Mental Health Model of Care Expert Advisory Group	15	Braund S, King P, Martini J, Mausolf J
Southern Adelaide Local Health Network Drugs and Therapeutics Committee	24	Barrington D
Southern Adelaide Local Health Network End of Life Steering Committee	20	Fazzalari R (appointed 14/01/2019)
Southern Adelaide Local Health Network Falls Prevention Management Committee	36	Cohen M
Southern Adelaide Local Health Network Health Advisory Council Incorporated	0	Barrington D, Bishop R, Francis A, Hislop R (Chair), Pienaar K, Williams S
Southern Adelaide Local Health Network Inner South Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Inner South Mental Health Consumer Carer Advisory Group)	4	English L, Hofhuis C (Chair), Martini J (appointed 15/10/218), Police D, Smith A (appointed 19/11/2018), Smith J (appointed 19/11/2018), Hann L (ceased 03/06/2019)
Southern Adelaide Local Health Network New Technology and Clinical Practice Innovation Committee	11	Kaambwa B, King P

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Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group)	4	Adamson M, Andrew G, Clark W (appointed 01/06/2019), Egan R (appointed 27/08/2018), Henrichs B (Chair), House G (appointed 04/02/2019), Hunt G, James S (appointed 03/12/2018), Schetters J
Southern Mental Health Clinical Governance Committee (Ceased 11/07/2018)	2	Bower T (ceased 11/07/2018), Buer S (ceased 11/07/2018), Hayes B (ceased 11/07/2018), Hofhius C (ceased 11/07/2018), Quirk M (ceased 11/07/2018)
Southern Adelaide Local Health Network Communicating for Patient Safety Committee (formerly the Southern Adelaide Local Health Network Clinical Handover Steering Committee)	40	Dame T, Tellis N, Voss D (ceased 31/10/2018)
Southern Adelaide Local Health Network Health Transition Board (Established 28/3/2019) (Ceased 30/06/2019) ⁽¹⁾	0	Baggoley C (appointed 28/03/2019) (ceased 30/06/2019), Butcher M (Chair)(appointed 03/08/2018) (ceased 30/06/2019), Hickey V (appointed 28/03/2019) (ceased 30/06/2019), Mackean T (appointed 28/03/2019) (ceased 30/06/2019), Mitchell J (appointed 28/03/2019) (ceased 30/06/2019), Noble J (appointed 28/03/2019) (ceased 30/06/2019), Richter J (appointed 28/03/2019) (ceased 30/06/2019)
Southern Adelaide Local Health Network Comprehensive Care Committee	21	

Refer to note 3.2 for remuneration of board and committee members.

⁽¹⁾ The Governing Board in its Advisory capacity until formal commencement of the Board on 1/7/2019.

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37. Schedules of administered items

37.1 Basis of preparation

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

37.2 Categories of administered items

Consumer Funds represents funds held by the Hospital on behalf of consumers that reside in a Hospital facility whilst the consumer is receiving residential drug and alcohol rehabilitation services. The Hospital performs only a custodial role in respect of these funds.

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

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

Schedule of Administered Expenses and Income

	Private Practice		Consumer Funds		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Other expenses	15,432	16,283	408	423	15,840	16,706
Total Administered expenses	15,432	16,283	408	423	15,840	16,706
Administered income						
Revenue from fees and charges	15,450	15,889	-	-	15,450	15,889
Other revenue	-	-	402	436	402	436
Total Administered income	15,450	15,889	402	436	15,852	16,325
Net result	18	(394)	(6)	13	12	(381)

Schedule of Administered Assets and Liabilities

Administered current assets

Cash and cash equivalents	1,635	1,435	34	40	1,669	1,475
Receivables	657	859	-	-	657	859
Total Administered current assets	2,292	2,294	34	40	2,326	2,334
Total administered assets	2,292	2,294	34	40	2,326	2,334

Administered current liabilities

Other current provisions/liabilities	11	31	-	-	11	31
Total Administered current liabilities	11	31	-	-	11	31
Total administered liabilities	11	31	-	-	11	31
Net administered assets	2,281	2,263	34	40	2,315	2,303

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Schedule of Administered Cash Flows

	Total 2019 \$'000	Total 2018 \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
Fees and charges	15,652	15,883
Other revenue	402	435
Total Cash inflows	16,054	16,318
Cash outflows		
Other payments	15,860	16,696
Total Cash outflows	15,860	16,696
Net cash inflows/cash outflows from operating activities	194	(378)
Net increase/(decrease) in cash held	194	(378)
Cash at the beginning of the reporting period	1,475	1,853
Cash at the end of the reporting period	1,669	1,475