

# Women's and Children's Health Network Incorporated

Financial report  
for the year ended  
30 June 2019



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## To the Chief Executive Officer Women's and Children's 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 Women's and Children's 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 Women's and Children's 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 Women's and Children's 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 Women's and Children's 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 "Richardson", with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

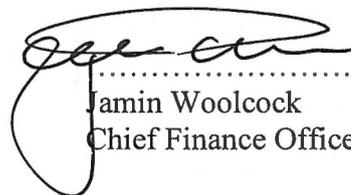
20 September 2019

## Certification of the financial statements

We certify that the:

- financial statements of the Women's and Children's 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 Women's and Children's Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

  
.....  
Lindsey Gough  
Chief Executive Officer

  
.....  
Jamin Woolcock  
Chief Finance Officer

Date 16.9.2019.....

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Staff benefits expenses	3	364,090	350,107
Supplies and services	4	110,562	106,854
Depreciation and amortisation expense	20,21	16,619	8,086
Grants and subsidies	5	43	45
Net loss from disposal of non-current and other assets	11	196	36
Impairment loss on receivables	16	19	(461)
Other expenses	6	949	832
<b>Total expenses</b>		<b>492,478</b>	<b>465,499</b>
<b>Income</b>			
Revenues from fees and charges	7	32,798	32,254
Grants and contributions	8	8,417	9,343
Interest revenues	9	238	216
Resources received free of charge	10	2,315	2,266
Gain on revaluation of investment property	20	430	15
Other revenues/income	12	5,945	6,267
<b>Total income</b>		<b>50,143</b>	<b>50,361</b>
<b>Net cost of providing services</b>		<b>442,335</b>	<b>415,138</b>
<b>Revenues from SA Government</b>			
Revenues from SA Government	13	413,174	412,513
<b>Total revenues from SA Government</b>		<b>413,174</b>	<b>412,513</b>
<b>Net result</b>		<b>(29,161)</b>	<b>(2,625)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus		-	116,542
<b>Items that will be reclassified subsequently to net result when specific conditions are met</b>			
Gains or losses recognised directly in equity		130	87
<b>Total other comprehensive income</b>		<b>130</b>	<b>116,629</b>
<b>Total comprehensive result</b>		<b>(29,031)</b>	<b>114,004</b>

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

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	15	23,454	28,229
Receivables	16	7,011	7,953
Inventories	18	813	787
<b>Total current assets</b>		<b>31,278</b>	<b>36,969</b>
<b>Non-current assets</b>			
Receivables	16	1,423	1,745
Other financial assets	17	1,337	1,313
Property, plant and equipment	20	345,589	353,396
Investment property	20	17,342	16,912
Intangible assets	21	30	48
<b>Total non-current assets</b>		<b>365,721</b>	<b>373,414</b>
<b>Total assets</b>		<b>396,999</b>	<b>410,383</b>
<b>Current liabilities</b>			
Payables	23	13,497	12,761
Staff benefits	24	46,122	42,221
Provisions	25	1,876	2,142
Other liabilities	26	1,096	580
<b>Total current liabilities</b>		<b>62,591</b>	<b>57,704</b>
<b>Non-current liabilities</b>			
Payables	23	2,222	2,055
Staff benefits	24	74,423	60,656
Provisions	25	7,135	10,637
<b>Total non-current liabilities</b>		<b>83,780</b>	<b>73,348</b>
<b>Total liabilities</b>		<b>146,371</b>	<b>131,052</b>
<b>Net assets</b>		<b>250,628</b>	<b>279,331</b>
<b>Equity</b>			
Asset revaluation surplus		202,933	202,933
Other reserves		630	500
Retained earnings		47,065	75,898
<b>Total equity</b>		<b>250,628</b>	<b>279,331</b>

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

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2019**

	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2017</b>	86,391	413	79,833	166,637
Net result for 2017-18	-	-	(2,625)	(2,625)
Gain/(loss) on revaluation of land and buildings	116,542	-	-	116,542
Gain/(loss) on revaluation of other financial assets	-	87	-	87
<b>Total comprehensive result for 2017-18</b>	<b>116,542</b>	<b>87</b>	<b>(2,625)</b>	<b>114,004</b>
<b>Transactions with SA Government as owner</b>				
Net assets received from an administrative restructure	-	-	(1,310)	(1,310)
<b>Balance at 30 June 2018</b>	<b>202,933</b>	<b>500</b>	<b>75,898</b>	<b>279,331</b>
Adjustments on initial adoption of Accounting Standards	-	-	328	328
<b>Adjusted balance at 1 July 2018</b>	<b>202,933</b>	<b>500</b>	<b>76,226</b>	<b>279,659</b>
Net result for 2018-19	-	-	(29,161)	(29,161)
Gain/(loss) on revaluation of other financial assets	-	130	-	130
<b>Total comprehensive result for 2018-19</b>	<b>-</b>	<b>130</b>	<b>(29,161)</b>	<b>(29,031)</b>
<b>Balance at 30 June 2019</b>	<b>202,933</b>	<b>630</b>	<b>47,065</b>	<b>250,628</b>

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

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Staff benefits payments		(350,146)	(336,974)
Payments for supplies and services		(67,461)	(66,528)
Payments of grants and subsidies		(47)	(49)
Other payments		(998)	(890)
<b>Cash used in operations</b>		<u>(418,652)</u>	<u>(404,441)</u>
<b>Cash inflows</b>			
Fees and charges		23,455	23,158
Grants and contributions		9,649	9,729
Interest received		238	216
GST recovered from ATO		4,455	4,330
Other receipts		5,893	6,190
<b>Cash generated from operations</b>		<u>43,690</u>	<u>43,623</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		378,958	378,158
<b>Cash generated from SA Government</b>		<u>378,958</u>	<u>378,158</u>
<b>Net cash provided by/(used in) operating activities</b>		<u>3,996</u>	<u>17,340</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(8,869)	(6,459)
<b>Cash used in investing activities</b>		<u>(8,869)</u>	<u>(6,459)</u>
<b>Cash inflows</b>			
Proceeds from sale/maturities of investments		98	-
<b>Cash generated from investing activities</b>		<u>98</u>	<u>-</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>(8,771)</u>	<u>(6,459)</u>
<b>Cash inflows</b>			
Cash received from restructuring activities		-	707
<b>Cash generated from financing activities</b>		<u>-</u>	<u>707</u>
<b>Net cash provided by/(used in) financing activities</b>		<u>-</u>	<u>707</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(4,775)</u>	<u>11,588</u>
Cash and cash equivalents at the beginning of the period		28,229	16,641
<b>Cash and cash equivalents at the end of the period</b>	27	<u>23,454</u>	<u>28,229</u>
Non-cash transactions	27		

The accompanying notes form part of these financial statements.

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019**

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

### **1.1 Reporting Entity**

The Women's and Children's Health Network Incorporated (the Hospital) is a not-for-profit entity incorporated under section 29 of 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 and has no interests in unconsolidated structured entities.

#### *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 have been 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 below or in 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 \$31.313 million (\$20.735 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.

### **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.

Other reserves includes investment revaluation reserve to record unrealised gains or losses on available for sale investments.

### **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:

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
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- 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:

	<b>\$'000</b>
Closing retained earnings 30 June 2018 – AASB 139	75,898
Decrease in provision for trade receivables (decrease in impairment allowance for receivables) *	328
Opening retained earnings 1 July 2018 – AASB 9	76,226

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

	Carrying amount 30 June 2018 \$'000	AASB 9 measurement		
		Amortised cost \$'000	Fair value OCI \$'000	Fair value PL \$'000
<b>AASB 139 category</b>				
Loans and receivables				
Receivables*	5,878	6,206	-	-
Available-for-sale				
Other financial assets	1,313	-	1,313	-
<b>Net carrying amount</b>	<b>7,191</b>	<b>6,206</b>	<b>1,313</b>	<b>-</b>

\* The change in carrying amount is a result of decreased impairment allowance. Refer to note 16 for information on impairment of receivables.

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

- Trade receivables and loans, being debt instruments, remain measured at amortised costs, 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'.
- Other investments, largely quoted equity instruments held for trading, will continue to be measured at FVOCI, although these were previously classified as available for sale and are now classified as not held for trading as they meet the appropriate criteria under AASB 9.

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
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Adoption of AASB 9 has not had an impact on the recognition, measurement and classification on the Department's financial liabilities.

## 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 women, youth and children across South Australia 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, mental and community health services for children, youth and women across the State.

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.

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

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

### 2.2 Administrative Restructure – Transferred in

#### 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 35 employees for WCHN and budget funding of \$28.064 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. This resulted in net assets of -\$1.310 million transferred into the Hospital; \$0.707 million cash and \$2.017 million staff benefit liabilities.

## 3. Staff benefits expenses

	2019 \$'000	2018 \$'000
Salaries and wages	282,788	274,287
Targeted Voluntary Separation Packages (refer below)	609	-
Long Service Leave	22,984	11,894
Annual leave	27,903	25,597
Skills and Experience Retention Leave	1,507	1,445
Staff on-costs - superannuation*	29,224	28,522
Workers compensation	(1,633)	7,691
Board and committee fees	173	52
Other staff related expenses	535	619
<b>Total staff benefits expenses</b>	<b>364,090</b>	<b>350,107</b>

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

### 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 seven (seven) members of the Executive Management Group who have responsibility for the strategic direction and management of the Hospital.

**WOMEN'S AND CHILDREN'S HEALTH NETWORK**  
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The compensation detailed below excludes salaries and other benefits received by:

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

Compensation	2019 \$'000	2018 \$'000
Salaries and other short term employee benefits	1,699	1,663
Post-employment benefits	211	199
Other long-term employment benefits	-	55
<b>Total</b>	<b>1,910</b>	<b>1,917</b>

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

**3.2 Remuneration of Board and Committee members**

	2019 No. of Members	2018 No. of Members
\$0	4	7
\$1 - \$20,000	12	10
\$60,001 - \$80,000	1	-
<b>Total</b>	<b>17</b>	<b>17</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.189 million (\$0.052 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 favorable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

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

**3.3 Remuneration of staff**

	2019 No.	2018 No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$149,000 - \$151,000*	na	12
\$151,001 - \$171,000	71	61
\$171,001 - \$191,000	30	32
\$191,001 - \$211,000	15	20
\$211,001 - \$231,000	16	12
\$231,001 - \$251,000	12	7
\$251,001 - \$271,000	10	13
\$271,001 - \$291,000	9	6
\$291,001 - \$311,000	10	7
\$311,001 - \$331,000	9	7
\$331,001 - \$351,000	10	9
\$351,001 - \$371,000	8	5
\$371,001 - \$391,000	16	13
\$391,001 - \$411,000	7	11
\$411,001 - \$431,000	8	9
\$431,001 - \$451,000	4	5
\$451,001 - \$471,000	10	4
\$471,001 - \$491,000	6	3
\$491,001 - \$511,000	4	7
\$511,001 - \$531,000	1	5

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	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	No.	No.
\$531,001 - \$551,000	9	3
\$551,001 - \$571,000	8	5
\$571,001 - \$591,000	1	3
\$591,001 - \$611,000	1	2
\$631,001 - \$651,000	1	-
\$651,001 - \$671,000	1	-
\$671,001 - \$691,000	1	-
<b>Total number of staff</b>	<b>278</b>	<b>261</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate 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 staff by classification

The total remuneration received by these staff included above:

	2019		2018	
	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	242	73,722	231	66,980
Executive	7	1,446	7	1,364
Nursing	22	3,667	15	2,356
Non-medical (i.e. administration)	7	1,183	8	1,298
<b>Total</b>	<b>278</b>	<b>80,018</b>	<b>261</b>	<b>71,998</b>

### 3.5 Targeted voluntary separation packages

	2019	2018
	\$'000	\$'000
Amount paid/payable to separated staff:		
Targeted Voluntary Separation Packages	609	-
Leave paid/payable to those employees	441	-
<b>Net cost to the Hospital</b>	<b>1,050</b>	<b>-</b>

The number of staff who received a TVSP during the reporting period	16	-
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2019 TVSPs include separations resulting from the Registered Nurse/Midwife Workforce Renewal Program.

## 4. Supplies and services

	2019	2018
	\$'000	\$'000
Administration	545	548
Advertising	124	185
Communication	1,964	1,707
Computing	4,603	4,145
Consultants	100	-
Contract of services	30	-
Contractors	177	63
Contractors - agency staff	7,130	8,516
Drug supplies	8,516	8,180
Electricity, gas and fuel	4,151	4,202
Fee for service	3,445	3,127
Finance lease contingent rentals	1	1
Food supplies	2,188	2,210
Housekeeping	10,531	10,303
Insurance	5,641	5,482
Internal SA Health SLA payments	2,374	2,602
Interstate patient transfers	5	-
Legal	145	148
Medical, surgical and laboratory supplies	24,940	24,984
Minor equipment	1,676	1,315
Motor vehicle expenses	2,138	2,109

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	2019	2018
	\$'000	\$'000
Occupancy rent and rates	5,030	4,800
Patient transport	2,253	1,697
Services from Shared Services SA	2,350	2,175
Postage	876	911
Printing and stationery	2,042	1,896
Rental expense on operating lease*	2	22
Repairs and maintenance	6,084	5,129
Security	1,749	1,325
Staff training and development	3,218	3,035
Staff travel expenses	2,683	2,424
Other supplies and services	3,851	3,613
<b>Total supplies and services</b>	<b>110,562</b>	<b>106,854</b>

**\* 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

**Consultants**

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

	2019		2018	
	No.	\$'000	No.	\$'000
Below \$10,000	-	-	-	-
Above \$10,000	1	100	-	-
<b>Total</b>	<b>1</b>	<b>100</b>	<b>-</b>	<b>-</b>

**5. Grants and subsidies**

	2019	2018
	\$'000	\$'000
Funding to non-government organisations	43	45
<b>Total grants and subsidies</b>	<b>43</b>	<b>45</b>

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

**6. Other expenses**

	2019	2018
	\$'000	\$'000
Debts written off	329	207
Bank fees and charges	47	43
Other*	573	582
<b>Total other expenses</b>	<b>949</b>	<b>832</b>

\* 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 \$0.177 million (\$0.163 million). No other services were provided by the Auditor-General's Department.

**7. Revenues from fees and charges**

	2019	2018
	\$'000	\$'000
Insurance recoveries	4	-
Interstate patient transfers	2	-
Patient and client fees	11,135	10,084
Private practice fees	2,500	2,759
Recoveries	12,948	13,027
Sale of goods - medical supplies	285	297
Other user charges and fees	5,924	6,087
<b>Total revenues from fees and charges</b>	<b>32,798</b>	<b>32,254</b>

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**8. Grants and contributions**

	2019	2018
	\$'000	\$'000
Other SA Government grants and contributions	4,832	4,399
Private sector capital contributions	137	626
Private sector grants and contributions	3,448	4,318
<b>Total grants and contributions</b>	<b>8,417</b>	<b>9,343</b>

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

Of the \$8.417 million (\$9.343 million) received in 2018-19 for grants and contributions, \$5.085 million (\$5.687 million) was provided for specific purposes, such as research and associated activities.

**9. Interest revenues**

	2019	2018
	\$'000	\$'000
Bank interest	1	-
Interest on Special Purpose Funds	237	216
<b>Total interest revenues</b>	<b>238</b>	<b>216</b>

**10. Resources received free of charge**

	2019	2018
	\$'000	\$'000
Plant and equipment	-	102
Services	2,315	2,164
<b>Total resources received free of charge</b>	<b>2,315</b>	<b>2,266</b>

Resources received free of charge include property, plant and equipment and are recorded at their fair value. 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.

Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

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

	2019	2018
	\$'000	\$'000
<b>Plant and equipment:</b>		
Proceeds from disposal	-	-
Less net book value of assets disposed	(9)	(36)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(9)</b>	<b>(36)</b>

**Total assets:**

Total proceeds from disposal	-	-
Less total value of assets disposed	(196)	(36)
<b>Total net gain/(loss) from disposal of non-current and other assets</b>	<b>(196)</b>	<b>(36)</b>

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.

**12. Other revenues/income**

	2019	2018
	\$'000	\$'000
Commissions revenue	71	78
Dividend revenue	90	78
Royalty income	701	524
Training revenue	270	322
Donations	318	508
Car parking revenue	2,753	2,833
Other	1,742	1,924
<b>Total other revenues/income</b>	<b>5,945</b>	<b>6,267</b>

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**13. Revenues from SA Government**

	2019 \$'000	2018 \$'000
Recurrent funding	402,453	405,062
Capital funding	10,721	7,451
<b>Total revenues from Department for Health and Wellbeing</b>	<b>413,174</b>	<b>412,513</b>

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

**14. Unexpended funding commitments**

The Hospital is engaged in a variety of funding programs involving various private sources who provide monies to the Hospital on the premise that these funds are expended in a manner consistent with the terms of the program. The Hospital had outstanding funding commitments to the following programs:

	2019 \$'000	2018 \$'000
Private sector grants and contributions	577	1,177
<b>Total unexpended funding commitments</b>	<b>577</b>	<b>1,177</b>

**15. Cash and cash equivalents**

	2019 \$'000	2018 \$'000
Cash at bank or on hand	833	804
Deposits with Treasurer	22,621	27,425
<b>Total cash</b>	<b>23,454</b>	<b>28,229</b>

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 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.

**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**

	2019 \$'000	2018 \$'000
<b>Current</b>		
Patient/client fees: compensable	323	336
Patient/client fees: other	3,641	3,565
Debtors	2,239	3,229
Less: allowance for impairment of receivables	(944)	(1,252)
Prepayments	373	459
Dividends	19	29
Workers compensation provision recoverable	641	794
Sundry receivables and accrued revenue	393	639
GST input tax recoverable	326	154
<b>Total current receivables</b>	<b>7,011</b>	<b>7,953</b>
<b>Non-current</b>		
Workers compensation provision recoverable	1,233	1,475
Debtors	190	270
<b>Total non-current receivables</b>	<b>1,423</b>	<b>1,745</b>
<b>Total receivables</b>	<b>8,434</b>	<b>9,698</b>

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

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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 the 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.

	2019	2018
	\$'000	\$'000
<b>Balance at 30 June under AASB 139</b>	<b>1,252</b>	<b>1,713</b>
Adjustments on initial adoption of AASB 9	(328)	-
<b>Carrying amount at the beginning of the period</b>	<b>924</b>	<b>1,713</b>
Increase/(Decrease) in allowance recognised in profit or loss	19	(461)
<b>Carrying amount at the end of the period</b>	<b>944</b>	<b>1,252</b>

Refer to note 32 for details regarding credit risk and the methodology for determining impairment.

**17. Other financial assets**

	2019	2018
	\$'000	\$'000
<b>Non-current</b>		
Other investments FVOCI	1,337	1,313
<b>Total non-current investments</b>	<b>1,337</b>	<b>1,313</b>
<b>Total investments</b>	<b>1,337</b>	<b>1,313</b>

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value. Other investments includes shares in other corporations, floating rate notes, listed securities and managed funds.

There is no impairment on other financial assets.  
Refer to note 32 for information on risk management.

**18. Inventories**

	2019	2018
	\$'000	\$'000
Inventory imprest stock	813	787
<b>Total current inventories - held for distribution</b>	<b>813</b>	<b>787</b>

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, investment property and intangible assets**

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

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

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

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**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.

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

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

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

**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 and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment of property, plant and equipment, investment property or intangibles as at 30 June 2019.

**19.5 Intangible assets**

An intangible asset 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 is reviewed on an annual basis. The Hospital has intangibles with indefinite useful lives, amortisation is not recognised against these intangible assets

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

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

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**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 AssetVal (JLT) Pty Ltd, as at 1 June 2018.

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

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

**19.7 Valuation of plant and equipment**

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

**19.8 Valuation of investment property**

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

As at 30 June 2019, an independent valuation was performed on the investment property at Unit 1, 27 Kermode Street North Adelaide, by AssetVal (JLT) Pty Ltd. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties.

Where there is a recent market transaction for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

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**20. Reconciliation of property, plant and equipment and investment properties**

The following table shows the movement:

2018-19	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	Investment property \$'000		
Carrying amount at the beginning of the period	45,802	291,656	5,478	314	5,575	1,952	2,619	16,912	370,308	
Additions	-	-	6,619	-	1,107	29	1,235	-	8,990	
Disposals	-	-	(187)	-	-	(9)	-	-	(196)	
Transfers between asset classes	-	3,341	(3,341)	-	1,682	-	(1,682)	-	-	
<b>Subtotal:</b>	<b>45,802</b>	<b>294,997</b>	<b>8,569</b>	<b>314</b>	<b>8,364</b>	<b>1,972</b>	<b>2,172</b>	<b>16,912</b>	<b>379,102</b>	
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(14,145)	-	(48)	(2,134)	(274)	-	-	(16,601)	
Revaluation increment / (decrement)	-	-	-	-	-	-	-	430	430	
<b>Subtotal:</b>	<b>-</b>	<b>(14,145)</b>	<b>-</b>	<b>(48)</b>	<b>(2,134)</b>	<b>(274)</b>	<b>-</b>	<b>430</b>	<b>(16,171)</b>	
<b>Carrying amount at the end of the period</b>	<b>45,802</b>	<b>280,852</b>	<b>8,569</b>	<b>266</b>	<b>6,230</b>	<b>1,698</b>	<b>2,172</b>	<b>17,342</b>	<b>362,931</b>	
<b>Gross carrying amount</b>										
Gross carrying amount	45,802	295,617	8,569	2,603	21,668	4,195	2,172	17,342	397,968	
Accumulated depreciation / amortisation	-	(14,765)	-	(2,337)	(15,438)	(2,497)	-	-	(35,037)	
<b>Carrying amount at the end of the period</b>	<b>45,802</b>	<b>280,852</b>	<b>8,569</b>	<b>266</b>	<b>6,230</b>	<b>1,698</b>	<b>2,172</b>	<b>17,342</b>	<b>362,931</b>	

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

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2017-18	Land and buildings:			Plant and equipment:					
	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	Investment property \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	40,496	184,159	3,230	375	5,107	2,262	1,389	16,897	253,915
Additions	-	23	4,360	-	925	-	2,560	-	7,868
Assets received free of charge	-	-	-	-	102	-	-	-	102
Disposals	-	-	-	-	(21)	(15)	-	-	(36)
Transfers between asset classes	-	2,112	(2,112)	-	1,297	-	(1,330)	-	(33)
Other movements	-	-	-	-	-	-	-	-	-
<b>Subtotal:</b>	<b>40,496</b>	<b>186,294</b>	<b>5,478</b>	<b>375</b>	<b>7,410</b>	<b>2,247</b>	<b>2,619</b>	<b>16,897</b>	<b>261,816</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(5,874)	-	(61)	(1,835)	(295)	-	-	(8,065)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	15	15
<b>Subtotal:</b>	<b>-</b>	<b>(5,874)</b>	<b>-</b>	<b>(61)</b>	<b>(1,835)</b>	<b>(295)</b>	<b>-</b>	<b>15</b>	<b>(8,050)</b>
<b>Gains/(losses) for the period recognised in other comprehensive income:</b>									
Revaluation increment / (decrement)	5,306	111,236	-	-	-	-	-	-	116,542
<b>Subtotal:</b>	<b>5,306</b>	<b>111,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,542</b>
<b>Carrying amount at the end of the period</b>	<b>45,802</b>	<b>291,656</b>	<b>5,478</b>	<b>314</b>	<b>5,575</b>	<b>1,952</b>	<b>2,619</b>	<b>16,912</b>	<b>370,308</b>
<b>Gross carrying amount</b>									
Gross carrying amount	45,802	292,276	5,478	2,775	19,445	4,273	2,619	16,912	389,580
Accumulated depreciation / amortisation	-	(620)	-	(2,461)	(13,870)	(2,321)	-	-	(19,272)
<b>Carrying amount at the end of the period</b>	<b>45,802</b>	<b>291,656</b>	<b>5,478</b>	<b>314</b>	<b>5,575</b>	<b>1,952</b>	<b>2,619</b>	<b>16,912</b>	<b>370,308</b>

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

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**21. Reconciliation of intangible assets**

The following table shows the movement:

	2018-19		2017-18	
	Computer software \$'000	Total \$'000	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	48	48	36	36
Amortisation	(18)	(18)	(21)	(21)
Transfers between asset classes	-	-	33	33
<b>Carrying amount at the end of the period</b>	<b>30</b>	<b>30</b>	<b>48</b>	<b>48</b>
<b>Gross carrying amount</b>				
Gross carrying amount	141	141	140	140
Accumulated amortisation	(111)	(111)	(92)	(92)
<b>Carrying amount at the end of the period</b>	<b>30</b>	<b>30</b>	<b>48</b>	<b>48</b>

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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 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 20)</b>			
Land	-	45,802	45,802
Buildings and improvements	-	280,852	280,852
Leasehold improvements	-	266	266
Plant and equipment	-	7,928	7,928
Investment property	17,342	-	17,342
<b>Total recurring fair value measurements</b>	<b>17,342</b>	<b>334,848</b>	<b>352,190</b>

**Fair value measurements at 30 June 2018**

	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 20)</b>			
Land	-	45,802	45,802
Buildings and improvements	-	291,656	291,656
Leasehold improvements	-	314	314
Plant and equipment	-	7,527	7,527
Investment property	16,912	-	16,912
<b>Total recurring fair value measurements</b>	<b>16,912</b>	<b>345,299</b>	<b>362,211</b>

There are no non-recurring fair value measurements.

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

Unobservable inputs used to arrive at final valuation figures included:

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

Although there were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings (with the exception of investment property) have been classified as Level 3. Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

The Hospital buildings have been valued on the basis of existing/current use with no consideration given to any future alternate use.

**23. Payables**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	8,853	7,243
Paid Parental Leave Scheme	102	82
Staff on-costs*	3,942	4,696
Other payables	600	740
<b>Total current payables</b>	<b>13,497</b>	<b>12,761</b>
<b>Non-current</b>		
Staff on-costs*	2,222	2,055
<b>Total non-current payables</b>	<b>2,222</b>	<b>2,055</b>
<b>Total payables</b>	<b>15,719</b>	<b>14,816</b>

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. Employee on-costs are settled when the respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to 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 remained at 41% for the Department and has decreased for the LHNs and SAAS from 35% to 29%. The average factors for the calculation of employer superannuation on-costs have changed from 2018 (9.89%) to 2019 (9.80%); these rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in employee benefits expenses and the employment on-cost liability of \$0.504 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.

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Refer to Note 32 for information on risk management.

**24. Staff benefits**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Annual leave	27,284	26,168
Long service leave	6,869	4,993
Accrued salaries and wages	9,199	8,103
Skills and experience retention leave	2,748	2,934
Other	22	23
<b>Total current staff benefits</b>	<b>46,122</b>	<b>42,221</b>
<b>Non-current</b>		
Long service leave	74,423	60,656
<b>Total non-current staff benefits</b>	<b>74,423</b>	<b>60,656</b>
<b>Total staff benefits</b>	<b>120,545</b>	<b>102,877</b>

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

**24.1 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.

**24.2 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 has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities and the health sector.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yields on long term Commonwealth Government bonds has decreased from 2018 (2.69%) to 2019 (1.25%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the 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 \$11.359 million, payables (employee on-costs) of \$0.339 million and staff benefits expense of \$11.698 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The actuarial assessment performed by the 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 and experience 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 \$0.214 million, skills and experience retention leave liability of \$0.022 million, payables (employee on-costs) of \$0.023 million and staff benefits expense of \$0.259 million.

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**25. Provisions**

		2019	2018
	Note	\$'000	\$'000
<b>Current</b>			
Workers compensation	25.1	1,876	2,142
<b>Total current provisions</b>		<b>1,876</b>	<b>2,142</b>
<b>Non-current</b>			
Workers compensation	25.1	7,135	10,637
<b>Total non-current provisions</b>		<b>7,135</b>	<b>10,637</b>
<b>Total provisions</b>		<b>9,011</b>	<b>12,779</b>

**25.1 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 claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

*Workers compensation non-statutory provision*

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

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), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2019 the Hospital recognised a workers compensation non-statutory provision of \$0.214 million (\$2.163 million),

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

	2019	2018
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>12,779</b>	<b>6,635</b>
Decrease in provisions recognised	(2,710)	-
Increase in provisions recognised	-	6,556
Reductions arising from payments/other sacrifices of future economic benefits	(443)	(412)
Reductions resulting from re-measurement or settlement without cost	(615)	-
<b>Carrying amount at the end of the period</b>	<b>9,011</b>	<b>12,779</b>

**26. Other liabilities**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Unclaimed monies	1	-
Unearned revenue	1,001	505
Other	94	75
<b>Total current other liabilities</b>	<b>1,096</b>	<b>580</b>
<b>Total other liabilities</b>	<b>1,096</b>	<b>580</b>

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**27. Cash flow reconciliation**

**Reconciliation of cash and cash equivalents at the end of the reporting period**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents disclosed in the Statement of Financial Position	23,454	28,229
<b>Cash as per Statement of Financial Position</b>	<b>23,454</b>	<b>28,229</b>

<b>Balance as per Statement of Cash Flows</b>	<b>23,454</b>	<b>28,229</b>
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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	3,996	17,340
Revenues from SA Government	(413,174)	(412,513)

**Add/less non-cash items**

Capital revenues	-	1,089
Depreciation and amortisation expense of non-current assets	(16,619)	(8,086)
Gain/(loss) on sale or disposal of non-current assets	(196)	(36)
Increments/(decrements) on revaluation of non-current assets	430	15
Net effect of the adoption of new Accounting Standard	(328)	-
Resources received free of charge	-	102
Revaluation of investments	(8)	-

**Movement in assets and liabilities**

Increase/(decrease) in receivables	(1,264)	(172)
Increase/(decrease) in inventories	26	4
(Increase)/decrease in staff benefits	(17,668)	(5,559)
(Increase)/decrease in payables and provisions	2,986	(6,909)
(Increase)/decrease in other liabilities	(516)	(413)
<b>Net cost of providing service</b>	<b>(442,335)</b>	<b>(415,138)</b>

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

**28. Unrecognised contractual commitments**

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

**28.1 Operating lease expenditure commitments**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2,618	3,127
Later than one year but not longer than five years	4,333	5,350
Later than five years	992	1,081
<b>Total operating lease commitments</b>	<b>7,943</b>	<b>9,558</b>
Representing:		
Cancellable operating leases	6,143	7,830
Non-cancellable operating leases	1,800	1,728
<b>Total operating lease commitments</b>	<b>7,943</b>	<b>9,558</b>

The Hospital has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. The majority of the operating lease arrangements are for the use of properties.

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

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**28.2 Expenditure Commitments**

**28.2.1 Capital commitments**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	1,267	15
<b>Total capital commitments</b>	<b>1,267</b>	<b>15</b>

The Hospital's capital commitments are for plant and equipment ordered but not received.

**28.2.2 Other expenditure commitments**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	2,391	1,187
Later than one year but not longer than five years	155	363
<b>Total other expenditure commitments</b>	<b>2,546</b>	<b>1,550</b>

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

**29. 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.

**29.1 Contingent Assets**

The Hospital is not aware of any contingent assets.

**29.2 Contingent Liabilities**

The Hospital is not aware of any contingent liabilities.

**29.3 Guarantees**

The Hospital has made no guarantees.

**30. 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 material events occurring between end of the reporting period and when the financial statements were authorised.

**31. Impact of Standards 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 Department are outlined below.

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

The Department 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*.

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

- Revenues from SA Government (89.8%) will continue to be recognized when the hospital obtains control of the funds (i.e. upon receipt).
- Interest income will continue to be recognised via AASB 9.

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- Resources received free of charge (0.5%) 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 (1.7%) 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 (6.6%) 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 Department 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.

### 31.2 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 for 1 July 2019 (as at 4 February 2019).

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
<b>Assets</b>	
Right of Use Assets	6,917
<b>Liabilities</b>	
Lease Liabilities	6,917
<b>Net impact on Equity</b>	<b>Nil</b>

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	2,553
Supplies and Services	(2,585)
Borrowing Costs	131
<b>Net impact on Net cost of providing services</b>	<b>99</b>

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

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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; 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.

## **32. Financial instruments/financial risk management**

### **32.1 Financial risk management**

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

The Hospital'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 the Department of Treasury and Finance to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to Note 23 for further information.

#### 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 its 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.

### **32.2 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note or 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).
- Available-for-sale financial assets are initially recognised and subsequently measured at fair value. Dividends or distributions on available-for-sale assets are recognised in the Statement of Comprehensive Income. Fair value gains and losses on available-for-sale assets are recorded in Other Comprehensive Income (except for impairment losses) until the asset is derecognised. On derecognition of an available-for-sale asset, the cumulative gain or loss that is recognised in Other Comprehensive Income for that asset is reclassified to profit or loss as a reclassification adjustment.

#### ***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.

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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
<b>Financial assets</b>			
Cash and equivalent			
Cash and cash equivalents	15,27	23,454	28,229
Amortised Cost			
Receivables <sup>(1)(2)</sup>	16	5,861	6,811
Fair value through other comprehensive income			
Other financial assets	17	1,337	1,313
<b>Total financial assets</b>		<b>30,652</b>	<b>36,353</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Payables <sup>(1)</sup>	23	9,288	7,818
Other liabilities	26	95	75
<b>Total financial liabilities</b>		<b>9,383</b>	<b>7,893</b>

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

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

<sup>(2)</sup> Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16.1 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

### 32.3 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 and 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:

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	30 June 2019			1 July 2018 (remeasurement)		
	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000
<b>Days past due</b>						
Current	1.3%-4.7%	1,596	21	1.3%-6.6%	2,929	37
<30 days	2.0%- 6.3%	693	16	1.9%- 9.9%	1,049	32
31-60 days	3.3%- 12.1%	568	20	3.1%- 20.7%	325	13
61-90 days	6.5%- 15.0%	143	10	6.1%- 23.6%	171	11
91-120 days	9.4%- 17.7%	108	10	8.2%- 25.3%	147	20
121-180 days	15.0%- 23.7%	311	48	12.6%- 34.4%	140	18
181-360 days	25.5%- 39.0%	363	94	18.9%- 45.4%	357	76
361-540 days	52.0%- 57.9%	258	137	44.3%- 57.9%	146	66
>540 days	62.1%- 77.3%	906	587	53.6%- 77.3%	1,184	651
<b>Total</b>		<b>4,946</b>	<b>943</b>		<b>6,448</b>	<b>924</b>

### 33. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 13), and incurred expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 4). The Department transferred capital works in progress of \$4.324 million (\$1.088 million) to the Hospital. The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$1.454 million (\$2.288 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.

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**34. Board and committee members**

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with the APS 124 B were:

<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Audit and Risk Committee	2	Connor G (Chair), Haslam R, McDougall E, Sweet C, Wigg N Dr
Women's and Children's Health Network Advisory Council Incorporated	2	Buckerfield M, Cadzow M, Marshall H Prof, Wallace M (Chair), Wigg N Dr, McDougall E, Saunders N
Women's and Children's Health Network Transition Board (Commencing 03 August 2018 and expiring 30 June 2019) <sup>(1)</sup>	7	Birch J (appointed 3/8/2018) , Bastian J (appointed 28/3/2019), Daw S (appointed 28/3/2019), Christley S Dr (appointed 28/3/2019), Glover K (appointed 28/3/2019), Haslam R (appointed 28/3/2019), Miller S (appointed 28/3/2019)

<sup>(1)</sup> The Governing Board in its transitional advisory capacity until formal commencement as a Board on 1/7/2019

Refer to note 3.2 for remuneration of board and committee members

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**35. Schedules of administered items**

**35.1 Basis of preparation**

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

**35.2 Categories of administered items**

*Strata Corp* represents the financial operations of the Car Park located at Unit 1, 27 Kermode Street North Adelaide which services the Hospital and surrounds. *Strata Corp* administers and manages the Car Park on behalf of the Unit holders (the Hospital, Women's and Children's Hospital Foundation, and the Residential Unit holders).

*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. *Other* administered funds include the Nurses Education Fund.

**35.3 Administered contingent assets and liabilities**

The Hospital has no administered contingent assets and liabilities.

**35.4 Schedules**

**Schedule of Administered Expenses and Income**

	Strata Corp		Private Practice		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses</b>								
Employee benefit expenses	55	53	-	-	-	-	55	53
Supplies and services	47	36	-	-	-	114	47	150
Depreciation and amortisation expense	3	3	-	-	-	-	3	3
Other expenses	164	167	5,562	6,047	-	-	5,726	6,214
<b>Total Administered expenses</b>	<b>269</b>	<b>259</b>	<b>5,562</b>	<b>6,047</b>	<b>-</b>	<b>114</b>	<b>5,831</b>	<b>6,420</b>
<b>Administered income</b>								
Revenue from fees and charges	287	199	5,573	6,024	-	6	5,860	6,229
Other revenue	16	14	-	-	-	-	16	14
<b>Total Administered income</b>	<b>303</b>	<b>213</b>	<b>5,573</b>	<b>6,024</b>	<b>-</b>	<b>6</b>	<b>5,876</b>	<b>6,243</b>
<b>Net result</b>	<b>34</b>	<b>(46)</b>	<b>11</b>	<b>(23)</b>	<b>-</b>	<b>(108)</b>	<b>45</b>	<b>(177)</b>

**Schedule of Administered Assets and Liabilities**

	Strata Corp		Private Practice		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered current assets</b>								
Cash and cash equivalents	78	45	603	630	-	-	681	675
Receivables	1	(15)	(9)	(47)	-	-	(8)	(62)
<b>Total Administered current assets</b>	<b>79</b>	<b>30</b>	<b>594</b>	<b>583</b>	<b>-</b>	<b>-</b>	<b>673</b>	<b>613</b>

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**Administered non-current assets**

Property, plant and equipment	49	38	-	-	-	-	49	38
<b>Total Administered non-current assets</b>	<b>49</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>38</b>
<b>Total administered assets</b>	<b>128</b>	<b>68</b>	<b>594</b>	<b>583</b>	<b>-</b>	<b>-</b>	<b>722</b>	<b>651</b>

**Administered current liabilities**

Payables	9	17	-	-	-	-	9	17
Other current provisions/liabilities	-	-	3	2	-	-	3	2
<b>Total Administered current liabilities</b>	<b>9</b>	<b>17</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>19</b>
<b>Total administered liabilities</b>	<b>9</b>	<b>17</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>19</b>
<b>Net administered assets / equity</b>	<b>119</b>	<b>51</b>	<b>591</b>	<b>581</b>	<b>-</b>	<b>-</b>	<b>710</b>	<b>632</b>

**Schedule of Administered Cash Flows**

	Total 2019 \$'000	Total 2018 \$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Fees and charges	5,837	6,284
Other revenue	16	14
<b>Total Cash inflows</b>	<b>5,853</b>	<b>6,298</b>
<b>Cash outflows</b>		
Staff benefit payments	55	53
Supplies and services	66	150
Other payments	5,726	6,214
<b>Total Cash outflows</b>	<b>5,847</b>	<b>6,417</b>
<b>Net cash inflows/cash outflows from operating activities</b>	<b>6</b>	<b>(119)</b>
<b>Net increase/(decrease) in cash held</b>	<b>6</b>	<b>(119)</b>
Cash at the beginning of the reporting period	675	794
<b>Cash at the end of the reporting period</b>	<b>681</b>	<b>675</b>