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## To the Board Chair Riverland Mallee Coorong Local Health Network Incorporated

### Opinion

I have audited the financial report of the Riverland Mallee Coorong Local Health Network Incorporated and the consolidated entity comprising the Riverland Mallee Coorong Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Riverland Mallee Coorong Local Health Network Incorporated and its controlled entities as at 30 June 2023, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- Note, comprising material accounting policy information and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Acting Chief Finance Officer.

### Basis for opinion

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

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

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

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

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

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

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Riverland Mallee Coorong Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2023.

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 internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson  
**Auditor-General**

20 September 2023

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 30 June 2023**

	Note	Consolidated		Parent	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Income</b>					
Revenues from SA Government	2	146,929	128,781	146,929	128,781
Fees and charges	3	14,561	14,045	14,561	14,045
Grants and contributions	4	44,364	40,445	44,504	40,627
Interest		959	92	867	81
Resources received free of charge	5	2,232	1,800	2,232	1,800
Other revenues/income	7	3,035	2,808	2,924	2,756
<b>Total income</b>		<b>212,080</b>	<b>187,971</b>	<b>212,017</b>	<b>188,090</b>
<b>Expenses</b>					
Staff benefits expenses	8	129,853	117,040	129,853	117,040
Supplies and services	9	78,172	71,774	78,170	71,767
Depreciation and amortisation	17	9,600	10,132	1,550	1,526
Borrowing costs	10	32	26	32	26
Net loss from disposal of non-current and other assets	6	225	-	225	-
Impairment loss on receivables	13.1	77	36	77	36
Other expenses	11	645	603	1,475	2,728
<b>Total expenses</b>		<b>218,604</b>	<b>199,611</b>	<b>211,382</b>	<b>193,123</b>
<b>Net result</b>		<b>(6,524)</b>	<b>(11,640)</b>	<b>635</b>	<b>(5,033)</b>
<b>Other Comprehensive Income</b>					
<b>Items that will be reclassified subsequently to net result when specific conditions are met</b>					
Gains or losses recognised directly in equity		12	19	-	-
<b>Total other comprehensive income</b>		<b>12</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive result</b>		<b>(6,512)</b>	<b>(11,621)</b>	<b>635</b>	<b>(5,033)</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.

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2023**

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	12	18,101	13,005	16,589	11,498
Receivables	13	6,490	3,656	6,441	3,662
Other financial assets	14	23,533	22,497	21,280	20,251
Inventories	15	1,078	1,009	1,078	1,009
<b>Total current assets</b>		<b>49,202</b>	<b>40,167</b>	<b>45,388</b>	<b>36,420</b>
<b>Non-current assets</b>					
Receivables	13	2,279	1,465	2,279	1,465
Other financial assets	14	187	172	-	-
Property, plant and equipment	16,17	148,570	155,453	12,946	12,609
<b>Total non-current assets</b>		<b>151,036</b>	<b>157,090</b>	<b>15,225</b>	<b>14,074</b>
<b>Total assets</b>		<b>200,238</b>	<b>197,257</b>	<b>60,613</b>	<b>50,494</b>
<b>Current liabilities</b>					
Payables	19	8,119	8,866	8,108	8,864
Financial liabilities	20	485	527	485	527
Staff benefits	21	17,756	15,685	17,756	15,685
Provisions	22	2,020	1,637	2,020	1,637
Contract liabilities and other liabilities	23	32,665	28,159	32,665	28,159
<b>Total current liabilities</b>		<b>61,045</b>	<b>54,874</b>	<b>61,034</b>	<b>54,872</b>
<b>Non-current liabilities</b>					
Payables	19	666	613	666	613
Financial liabilities	20	1,029	1,180	1,029	1,180
Staff benefits	21	15,352	14,775	15,352	14,775
Provisions	22	10,838	7,995	10,838	7,995
<b>Total non-current liabilities</b>		<b>27,885</b>	<b>24,563</b>	<b>27,885</b>	<b>24,563</b>
<b>Total liabilities</b>		<b>88,930</b>	<b>79,437</b>	<b>88,919</b>	<b>79,435</b>
<b>Net assets</b>		<b>111,308</b>	<b>117,820</b>	<b>(28,306)</b>	<b>(28,941)</b>
<b>Equity</b>					
Retained earnings		67,900	74,424	(28,306)	(28,941)
Asset revaluation surplus		43,359	43,359	-	-
Other reserves		49	37	-	-
<b>Total equity</b>		<b>111,308</b>	<b>117,820</b>	<b>(28,306)</b>	<b>(28,941)</b>

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

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 30 June 2023**

**CONSOLIDATED**

	Asset revaluation surplus \$ '000	Other reserves \$'000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2021</b>	43,359	18	86,064	129,441
<b>Net result for 2021-22</b>	-	-	(11,640)	(11,640)
Gain/(loss) on revaluation of other financial assets	-	19	-	19
<b>Total comprehensive result for 2021-22</b>	-	19	(11,640)	(11,621)
<b>Balance at 30 June 2022</b>	43,359	37	74,424	117,820
<b>Net result for 2022-23</b>	-	-	(6,524)	(6,524)
Gain/(loss) on revaluation of other financial assets	-	12	-	12
<b>Total comprehensive result for 2022-23</b>	-	12	(6,524)	(6,512)
<b>Balance at 30 June 2023</b>	43,359	49	67,900	111,308

**PARENT**

	Asset revaluation surplus \$ '000	Other reserves \$'000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2021</b>	-	-	(23,908)	(23,908)
<b>Net result for 2021-22</b>	-	-	(5,033)	(5,033)
<b>Total comprehensive result for 2021-22</b>	-	-	(5,033)	(5,033)
<b>Balance at 30 June 2022</b>	-	-	(28,941)	(28,941)
<b>Net result for 2022-23</b>	-	-	635	635
<b>Total comprehensive result for 2022-23</b>	-	-	635	635
<b>Balance at 30 June 2023</b>	-	-	(28,306)	(28,306)

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

**RIVERLAND AND MALLEE COORONG LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the period ended 30 June 2023**

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<b>Cash inflows</b>					
Receipts from SA Government		121,282	102,897	121,282	102,897
Fees and charges		11,655	13,786	11,665	13,818
Grants and contributions		44,445	40,445	44,585	40,627
Interest received		446	67	409	59
Residential aged care bonds received		9,978	6,244	9,978	6,244
GST recovered from ATO		4,297	3,509	4,297	3,509
Other receipts		428	455	322	407
<b>Cash generated from operations</b>		<b>192,531</b>	<b>167,403</b>	<b>192,538</b>	<b>167,561</b>
<b>Cash outflows</b>					
Staff benefits payments		(123,579)	(115,036)	(123,579)	(115,036)
Payments for supplies and services		(55,727)	(43,716)	(55,734)	(43,711)
Interest paid		(32)	(26)	(32)	(26)
Residential aged care bonds refunded		(4,668)	(7,205)	(4,668)	(7,205)
Other payments		(701)	(627)	(701)	(626)
<b>Cash used in operations</b>		<b>(184,707)</b>	<b>(166,610)</b>	<b>(184,714)</b>	<b>(166,604)</b>
<b>Net cash provided by operating activities</b>		<b>7,824</b>	<b>793</b>	<b>7,824</b>	<b>957</b>
<b>Cash flows from investing activities</b>					
<b>Cash inflows</b>					
Proceeds from sale/maturities of investments		278	1,530	-	1,520
<b>Cash generated from investing activities</b>		<b>278</b>	<b>1,530</b>	<b>-</b>	<b>1,520</b>
<b>Cash outflows</b>					
Purchase of property, plant and equipment		(1,127)	(1,181)	(1,127)	(1,181)
Purchase of investments		(1,300)	(150)	(1,027)	-
<b>Cash used in investing activities</b>		<b>(2,427)</b>	<b>(1,331)</b>	<b>(2,154)</b>	<b>(1,181)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,149)</b>	<b>199</b>	<b>(2,154)</b>	<b>339</b>
<b>Cash flows from financing activities</b>					
<b>Cash outflows</b>					
Repayment of borrowings		-	(17)	-	(17)
Repayment of lease liabilities		(579)	(570)	(579)	(570)
<b>Cash used in financing activities</b>		<b>(579)</b>	<b>(587)</b>	<b>(579)</b>	<b>(587)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(579)</b>	<b>(587)</b>	<b>(579)</b>	<b>(587)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,096</b>	<b>405</b>	<b>5,091</b>	<b>709</b>
Cash and cash equivalents at the beginning of the period		13,005	12,600	11,498	10,789
<b>Cash and cash equivalents at the end of the period</b>	12	<b>18,101</b>	<b>13,005</b>	<b>16,589</b>	<b>11,498</b>
Non-cash transactions	24				

The accompanying notes form part of these financial statements.

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2023**

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## **1. About Riverland Mallee Coorong Local Health Network**

Riverland Mallee Coorong Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital established under the *Health Care (Local Health Networks) Proclamation 2019* which was an amendment to the *Health Care Act 2008* (the Act). The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital.

### *Parent Entity*

The Parent entity consists of the following:

- Barmera Hospital
- Barmera Hawdon House Aged Care
- Barmera Bonney Lodge Aged Care
- Barmera Independent Living Units
- Karoonda and Districts Soldier's Memorial Hospital
- Lameroo District Health Service
- Lameroo Independent Living Units
- Loxton Hospital
- Loxton Nursing Home
- Loxton Hostel
- Mannum District Hospital
- Mannum Aged Care
- Meningie and Districts Memorial Hospital and Health Services
- Murray Bridge Soldiers' Memorial Hospital
- Murray Mallee Community Health Service
  - Coonalpyn
  - Murray Bridge
  - Karoonda
  - Lameroo
  - Mannum
  - Meningie
  - Pinnaroo
  - Tailem Bend
  - Tintinara
- Pinnaroo Soldiers' Memorial Hospital
- Renmark Paringa District Hospital
- Renmark Paringa Nursing Home
- Renmark Paringa Hostel
- Riverland General Hospital located in Berri
- Riverland Community Health Service
  - Berri
  - Barmera
  - Loxton
  - Renmark
- Riverland Mallee Coorong Local Health Network Mental Health Service
- Tailem Bend District Hospital
- Waikerie Health Service

### *Consolidated Entity*

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

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2023**

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

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

*Administered items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in note 34. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting principles as for the Hospital's transactions.

**1.1 Objectives and activities**

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for the Riverland Mallee Coorong Region.

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

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

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

**1.2 Basis of preparation**

These financial statements are general purpose financial statements prepared in 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.

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.

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

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

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

No Australian Accounting Standards have been early adopted other than AASB 2021-1 which was adopted from 1 July 2021.

**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.

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2023**

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 2023, the Hospital had working capital deficiency of \$11.843 million (\$14.707 million). The SA Government is committed and has consistently demonstrated a commitment to ongoing funding of the Hospital to enable it to perform its functions. This ongoing commitment is ultimately outlined in the annually produced and published State Budget Papers which presents the SA Government's current and estimated future economic performance, including forward estimates of revenue, expenses and performance by agency.

**1.6 Equity**

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

**1.7 Changes to reporting entity**

There were no administrative restructures during the current or prior reporting periods.

**1.8 Change in accounting policy**

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

**2. Revenues from SA Government**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	2,176	2,544	2,176	2,544
Operational funding	144,753	126,237	144,753	126,237
<b>Total revenues from SA Government</b>	<b>146,929</b>	<b>128,781</b>	<b>146,929</b>	<b>128,781</b>

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

**3. Fees and charges**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	4	-	4	-
Patient and client fees	3,307	3,787	3,307	3,787
Private practice fees	178	8	178	8
Fees for health services	1,370	1,059	1,370	1,059
Residential and other aged care charges	8,168	7,791	8,168	7,791
Sale of goods - medical supplies	30	37	30	37
Training revenue	45	8	45	8
Other user charges and fees	1,459	1,355	1,459	1,355
<b>Total fees and charges</b>	<b>14,561</b>	<b>14,045</b>	<b>14,561</b>	<b>14,045</b>

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

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

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

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2023**

*Patient and Client Fees*

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

*Residential and other aged care charges*

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

*Fees for health services*

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

**4. Grants and contributions**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	26,549	25,872	26,549	25,872
Commonwealth aged care subsidies	17,047	13,968	17,047	13,968
SA Government capital contributions	-	-	17	-
Other SA Government grants and contributions	348	567	471	749
Private sector grants and contributions	420	38	420	38
<b>Total grants and contributions</b>	<b>44,364</b>	<b>40,445</b>	<b>44,504</b>	<b>40,627</b>

Grants provided for are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. All grants and contributions received were provided for specific purposes such as aged care, community health services and other related health services and are recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities*.

**5. Resources received free of charge**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Land and buildings	203	-	203	-
Plant and equipment	177	-	177	-
Services	1,852	1,800	1,852	1,800
<b>Total resources received free of charge</b>	<b>2,232</b>	<b>1,800</b>	<b>2,232</b>	<b>1,800</b>

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

Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$1.507 million (\$1.426 million) and ICT services from the Department of the Premier and Cabinet (DPC) valued at \$0.345 million (\$0.374 million).

Although not recognised, the Hospital receives volunteer services from around 300 registered volunteers who provide patient and staff support services to individuals using the health facilities services. The services include but are not limited to: daily supper rounds, way finding services, stores replenishment, support in theatre/recovery/emergency departments, administration/medical records, on the wards, home delivered meals, transport and the Community Visitors Scheme (social support).

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

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Plant and equipment</b>				
Proceeds from disposal	-	-	-	-
Less carrying amount of assets disposed	(225)	-	(225)	-
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(225)</b>	<b>-</b>	<b>(225)</b>	<b>-</b>

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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 carrying amount of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

**7. Other revenues/income**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Dividend revenue	5	4	-	-
Donations	256	175	155	134
Health recoveries	2,622	2,439	2,622	2,439
Insurance recoveries	7	32	7	32
Other	145	158	140	151
<b>Total other revenues/income</b>	<b>3,035</b>	<b>2,808</b>	<b>2,924</b>	<b>2,756</b>

**8. Staff benefits expenses**

Note	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Salaries and wages		100,446	93,258	100,446	93,258
Targeted voluntary separation packages	8.5	-	226	-	226
Long service leave		2,663	(180)	2,663	(180)
Annual leave		9,515	8,296	9,515	8,296
Skills and experience retention leave		448	387	448	387
Staff on-costs - superannuation*		11,532	10,032	11,532	10,032
Workers compensation		5,069	4,814	5,069	4,814
Board and committee fees		197	196	197	196
Other staff related expenses		(17)	11	(17)	11
<b>Total staff benefits expenses</b>		<b>129,853</b>	<b>117,040</b>	<b>129,853</b>	<b>117,040</b>

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

**8.1 Key Management Personnel**

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

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

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

Compensation	2023	2022
	\$'000	\$'000
Salaries and other short term employee benefits	2,689	2,760
Post-employment benefits	373	365
<b>Total</b>	<b>3,062</b>	<b>3,125</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.

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**8.2 Remuneration of Boards and Committees**

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

	<b>2023</b>	<b>2022</b>
	<b>No. of</b>	<b>No. of</b>
	<b>Members</b>	<b>Members</b>
\$1 - \$20,000	1	2
\$20,001 - \$40,000	4	4
\$40,001 - \$60,000	1	1
<b>Total</b>	<b>6</b>	<b>7</b>

The total remuneration received or receivable by members was \$0.204 million (\$0.212 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax paid. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

Refer to note 33 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

**8.3 Remuneration of staff**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The number of staff whose remuneration received or receivable falls within the following bands:	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
\$157,001 - \$160,000*	n/a	3	n/a	3
\$160,001 - \$180,000	19	10	19	10
\$180,001 - \$200,000	1	1	1	1
\$200,001 - \$220,000	3	3	3	3
\$220,001 - \$240,000	3	3	3	3
\$240,001 - \$260,000	2	1	2	1
\$260,001 - \$280,000	1	-	1	-
\$280,001 - \$300,000	1	4	1	4
\$300,001 - \$320,000	1	3	1	3
\$320,001 - \$340,000	4	1	4	1
\$380,001 - \$400,000	1	1	1	1
\$440,001 - \$460,000	1	-	1	-
\$460,001 - \$480,000	-	1	-	1
\$500,001 - \$520,000	-	1	-	1
\$520,001 - \$540,000	2	-	2	-
\$560,001 - \$580,000	2	2	2	2
\$580,001 - \$600,000	1	1	1	1
\$620,001 - \$640,000	1	-	1	-
\$760,001 - \$780,000	-	1	-	1
<b>Total number of staff</b>	<b>43</b>	<b>36</b>	<b>43</b>	<b>36</b>

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

\*The \$157,001 to \$160,000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

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**8.4 Remuneration of staff by classification**

The total remuneration received by staff included above:

	Consolidated				Parent			
	2023	2022	2023	2022	2023	2022	2023	2022
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	1	243	1	222	1	243	1	222
Medical (excluding Nursing)	23	8,159	20	7,393	23	8,159	20	7,393
Non-medical (i.e. administration)	1	164	1	162	1	164	1	162
Nursing	18	3,169	14	2,417	18	3,169	14	2,417
<b>Total</b>	<b>43</b>	<b>11,735</b>	<b>36</b>	<b>10,194</b>	<b>43</b>	<b>11,735</b>	<b>36</b>	<b>10,194</b>

**8.5 Targeted voluntary separation packages**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Amount paid/Payable to separated staff:				
Targeted voluntary separation packages	-	226	-	226
Leave paid/payable to separated employees	-	131	-	131
	-	<b>357</b>	-	<b>357</b>

The number of staff who received a TVSP during the reporting period	-	<b>5</b>	-	<b>5</b>
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**9. Supplies and services**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Administration	159	271	157	271
Advertising	60	105	60	105
Communication	770	765	770	765
Computing	2,717	2,325	2,717	2,325
Consultants	132	7	132	7
Contract of services	772	1,142	772	1,142
Contractors	544	262	544	262
Contractors - agency staff	5,061	4,648	5,061	4,648
Drug supplies	1,518	1,441	1,518	1,441
Electricity, gas and fuel	2,251	2,039	2,251	2,039
Fee for service*	19,953	16,262	19,953	16,262
Food supplies	2,942	2,479	2,942	2,479
Housekeeping	1,554	2,589	1,554	2,589
Insurance	889	1,116	889	1,116
Internal SA Health SLA payments	7,078	6,786	7,078	6,786
Legal	14	54	14	54
Medical, surgical and laboratory supplies	14,101	12,948	14,101	12,948
Minor equipment	1,503	1,646	1,503	1,646
Motor vehicle expenses	628	553	628	553
Occupancy rent and rates	731	679	731	679
Patient transport	2,900	3,042	2,900	3,042
Postage	266	259	266	259
Printing and stationery	579	539	579	539
Repairs and maintenance	5,678	5,121	5,678	5,121
Security	279	438	279	438
Services from Shared Services SA	1,507	1,426	1,507	1,426
Short term lease expense	294	314	294	314
Training and development	782	506	782	506
Travel expenses	466	159	466	159
Other supplies and services	2,044	1,853	2,044	1,846
<b>Total supplies and services</b>	<b>78,172</b>	<b>71,774</b>	<b>78,170</b>	<b>71,767</b>

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

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

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**10. Borrowing costs**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest expense on lease liabilities	32	26	32	26
<b>Total borrowing cost</b>	<b>32</b>	<b>26</b>	<b>32</b>	<b>26</b>

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was \$0.032 million (\$0.026 million). Refer to note 20 for more information on financial liabilities.

**11. Other expenses**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Debts written off	142	257	142	257
Bank fees and charges	5	5	5	4
Donated assets expense	-	-	830	2,126
Other*	498	341	498	341
<b>Total other expenses</b>	<b>645</b>	<b>603</b>	<b>1,475</b>	<b>2,728</b>

In 2022-23 donated assets expense relates to building and improvement and is recorded as expenditure at their fair value.

\* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.106 million (\$0.095 million). No other services were provided by the Auditor-General's Department. Payments to Galpins Accountants Auditors and Business Consultants were \$0.058 million (\$0.057 million) for HAC and aged care audits.

**12. Cash and cash equivalents**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	10,409	5,633	8,897	4,126
Deposits with Treasurer: general operating	7,215	6,929	7,215	6,929
Deposits with Treasurer: special purpose funds	477	443	477	443
<b>Total cash and cash equivalents</b>	<b>18,101</b>	<b>13,005</b>	<b>16,589</b>	<b>11,498</b>

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the \$18.101 million (\$13.005 million) held, \$7.476 million (\$3.307 million) relates to aged care refundable deposits.

**13. Receivables**

Current	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Patient/client fees: compensable		178	148	178	148
Patient/client fees: aged care		1,402	867	1,402	867
Patient/client fees: other		521	230	521	230
Debtors		697	494	698	505
Less: impairment loss on receivables	13.1	(406)	(329)	(406)	(329)
Prepayments		190	38	190	38
Interest		545	44	495	39
Workers compensation provision recoverable		912	659	912	659
Sundry receivables and accrued revenue		2,326	1,322	2,326	1,322
GST input tax recoverable		125	183	125	183
<b>Total current receivables</b>		<b>6,490</b>	<b>3,656</b>	<b>6,441</b>	<b>3,662</b>

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**Non-current**

Debtors	285	222	285	222
Workers compensation provision recoverable	1,994	1,243	1,994	1,243
<b>Total non-current receivables</b>	<b>2,279</b>	<b>1,465</b>	<b>2,279</b>	<b>1,465</b>

<b>Total receivables</b>	<b>8,769</b>	<b>5,121</b>	<b>8,720</b>	<b>5,127</b>
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Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospital's trading terms for receivables are generally 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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

**13.1 Impairment of receivables**

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

Movement in the impairment of receivables:

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>329</b>	<b>293</b>	<b>329</b>	<b>293</b>
Increase/(Decrease) in allowance recognised in profit or loss	77	36	77	36
<b>Carrying amount at the end of the period</b>	<b>406</b>	<b>329</b>	<b>406</b>	<b>329</b>

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

**14. Other financial assets**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Term deposits	23,533	22,497	21,280	20,251
<b>Total current investments</b>	<b>23,533</b>	<b>22,497</b>	<b>21,280</b>	<b>20,251</b>

**Non-current**

Other investments FVOCI	187	172	-	-
<b>Total non-current investments</b>	<b>187</b>	<b>172</b>	<b>-</b>	<b>-</b>

<b>Total investments</b>	<b>23,720</b>	<b>22,669</b>	<b>21,280</b>	<b>20,251</b>
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The consolidated and parent entities hold term deposits of \$23.533 million (\$22.497 million) and \$21.280 million (\$20.251 million) respectively. Of these deposits \$15.331 million (\$14.500 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. Listed equities and other investments are measured at fair value represented by market value.

There is no impairment on other financial assets. Refer to note 30 for further information on risk management.

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**15. Inventories**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Drug supplies	300	264	300	264
Medical, surgical and laboratory supplies	536	515	536	515
Food and hotel supplies	176	170	176	170
Engineering supplies	12	-	12	-
Other	54	60	54	60
<b>Total current inventories - held for distribution</b>	<b>1,078</b>	<b>1,009</b>	<b>1,078</b>	<b>1,009</b>

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

**16. Property, plant and equipment, investment property and intangible assets**

**16.1 Acquisition and recognition**

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

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

**16.2 Depreciation and amortization**

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

Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 - 80
Right-of-use buildings	2 - 14
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 25
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 - 50
Right-of-use plant and equipment	2 - 3

**16.3 Revaluation**

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

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

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

**16.4 Impairment**

The Hospital holds its property, plant and equipment for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets fair value is assessed each year. There were no indications of impairment for property, plant and equipment as at 30 June 2023.

**16.5 Land and buildings**

An independent valuation of land and buildings owned by the Hospital was performed in March 2018, within the regular valuation cycle, by a certified practising valuer from AssetVal as at June 2018. Consistent with *Treasurer's Instructions*, a public authority must at least every six years obtain a valuation appraisal from a qualified valuer, the next independent valuation is scheduled to occur during the 2023-24 financial year.

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

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

**16.6 Plant and equipment**

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

**16.7 Leased property, plant and equipment**

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

The Hospital has a number of lease agreements. Major lease activities include the use of:

- Properties – include health clinics leased from local government and office accommodation and staff residential accommodation leased from Housing SA or the private sector. Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 20. Expenses related to leases including depreciation and interest expense are disclosed at note 17 and 10. Cash outflows related to leases are disclosed at note 24.

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

The following table shows the movement:

**Consolidated**

2022-23

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>8,015</b>	<b>139,850</b>	<b>838</b>	<b>3,545</b>	<b>1,265</b>	<b>748</b>	<b>838</b>	<b>354</b>	<b>155,453</b>
Additions	-	-	-	1,546	156	-	386	475	2,563
Assets received free of charge	-	-	-	203	-	-	-	177	380
Disposals	-	-	-	-	(68)	(157)	(1)	-	(226)
Transfers between asset classes	-	830	-	(653)	169	186	-	(532)	-
<b>Subtotal:</b>	<b>8,015</b>	<b>140,680</b>	<b>838</b>	<b>4,641</b>	<b>1,522</b>	<b>777</b>	<b>1,223</b>	<b>474</b>	<b>158,170</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(8,279)	(70)	-	(535)	(196)	(520)	-	(9,600)
<b>Subtotal:</b>	<b>-</b>	<b>(8,279)</b>	<b>(70)</b>	<b>-</b>	<b>(535)</b>	<b>(196)</b>	<b>(520)</b>	<b>-</b>	<b>(9,600)</b>
<b>Carrying amount at the end of the period*</b>	<b>8,015</b>	<b>132,401</b>	<b>768</b>	<b>4,641</b>	<b>987</b>	<b>581</b>	<b>703</b>	<b>474</b>	<b>148,570</b>
<b>Gross carrying amount</b>									
Gross carrying amount	8,015	169,640	1,040	4,641	3,437	1,161	1,651	474	190,059
Accumulated depreciation / amortisation	-	(37,239)	(272)	-	(2,450)	(580)	(948)	-	(41,489)
<b>Carrying amount at the end of the period</b>	<b>8,015</b>	<b>132,401</b>	<b>768</b>	<b>4,641</b>	<b>987</b>	<b>581</b>	<b>703</b>	<b>474</b>	<b>148,570</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

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**Consolidated**

2021-22

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>8,015</b>	<b>146,541</b>	<b>897</b>	<b>3,666</b>	<b>1,428</b>	<b>890</b>	<b>858</b>	<b>386</b>	<b>162,681</b>
Additions	-	20	-	2,005	342	26	493	11	2,897
Disposals	-	-	-	-	-	-	(3)	-	(3)
Transfers between asset classes	-	2,126	-	(2,126)	-	43	-	(43)	-
Remeasurement	-	-	10	-	-	-	-	-	10
<b>Subtotal:</b>	<b>8,015</b>	<b>148,687</b>	<b>907</b>	<b>3,545</b>	<b>1,770</b>	<b>959</b>	<b>1,348</b>	<b>354</b>	<b>165,585</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(8,837)	(69)	-	(505)	(211)	(510)	-	(10,132)
<b>Subtotal:</b>	<b>-</b>	<b>(8,837)</b>	<b>(69)</b>	<b>-</b>	<b>(505)</b>	<b>(211)</b>	<b>(510)</b>	<b>-</b>	<b>(10,132)</b>
<b>Carrying amount at the end of the period*</b>	<b>8,015</b>	<b>139,850</b>	<b>838</b>	<b>3,545</b>	<b>1,265</b>	<b>748</b>	<b>838</b>	<b>354</b>	<b>155,453</b>
<b>Gross carrying amount</b>									
Gross carrying amount	8,015	168,810	1,040	3,545	3,099	1,346	1,531	354	187,740
Accumulated depreciation / amortisation	-	(28,960)	(202)	-	(1,834)	(598)	(693)	-	(32,287)
<b>Carrying amount at the end of the period</b>	<b>8,015</b>	<b>139,850</b>	<b>838</b>	<b>3,545</b>	<b>1,265</b>	<b>748</b>	<b>838</b>	<b>354</b>	<b>155,453</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

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**Parent**

2022-23

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	714	4,307	838	3,545	1,265	748	838	354	12,609
Additions	-	-	-	1,546	156	-	386	475	2,563
Assets received free of charge	-	-	-	203	-	-	-	177	380
Disposals	-	-	-	-	(68)	(157)	(1)	-	(226)
Donated assets disposal	-	-	-	(830)	-	-	-	-	(830)
Transfers between asset classes	-	-	-	177	169	186	-	(532)	-
<b>Subtotal:</b>	<b>714</b>	<b>4,307</b>	<b>838</b>	<b>4,641</b>	<b>1,522</b>	<b>777</b>	<b>1,223</b>	<b>474</b>	<b>14,496</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(229)	(70)	-	(535)	(196)	(520)	-	(1,550)
<b>Subtotal:</b>	<b>-</b>	<b>(229)</b>	<b>(70)</b>	<b>-</b>	<b>(535)</b>	<b>(196)</b>	<b>(520)</b>	<b>-</b>	<b>(1,550)</b>
<b>Carrying amount at the end of the period*</b>	<b>714</b>	<b>4,078</b>	<b>768</b>	<b>4,641</b>	<b>987</b>	<b>581</b>	<b>703</b>	<b>474</b>	<b>12,946</b>
<b>Gross carrying amount</b>									
Gross carrying amount	714	4,995	1,040	4,641	3,437	1,161	1,651	474	18,113
Accumulated depreciation / amortisation	-	(917)	(272)	-	(2,450)	(580)	(948)	-	(5,167)
<b>Carrying amount at the end of the period</b>	<b>714</b>	<b>4,078</b>	<b>768</b>	<b>4,641</b>	<b>987</b>	<b>581</b>	<b>703</b>	<b>474</b>	<b>12,946</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

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

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	714	4,518	897	3,666	1,428	890	858	386	13,357
Additions	-	20	-	2,005	342	26	493	11	2,897
Disposals	-	-	-	-	-	-	(3)	-	(3)
Donated assets disposal	-	-	-	(2,126)	-	-	-	-	(2,126)
Transfers between asset classes	-	-	-	-	-	43	-	(43)	-
Remeasurement	-	-	10	-	-	-	-	-	10
<b>Subtotal:</b>	<b>714</b>	<b>4,538</b>	<b>907</b>	<b>3,545</b>	<b>1,770</b>	<b>959</b>	<b>1,348</b>	<b>354</b>	<b>14,135</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(231)	(69)	-	(505)	(211)	(510)	-	(1,526)
<b>Subtotal:</b>	<b>-</b>	<b>(231)</b>	<b>(69)</b>	<b>-</b>	<b>(505)</b>	<b>(211)</b>	<b>(510)</b>	<b>-</b>	<b>(1,526)</b>
<b>Carrying amount at the end of the period*</b>	<b>714</b>	<b>4,307</b>	<b>838</b>	<b>3,545</b>	<b>1,265</b>	<b>748</b>	<b>838</b>	<b>354</b>	<b>12,609</b>
<b>Gross carrying amount</b>									
Gross carrying amount	714	4,995	1,040	3,545	3,099	1,346	1,531	354	16,624
Accumulated depreciation / amortisation	-	(688)	(202)	-	(1,834)	(598)	(693)	-	(4,015)
<b>Carrying amount at the end of the period</b>	<b>714</b>	<b>4,307</b>	<b>838</b>	<b>3,545</b>	<b>1,265</b>	<b>748</b>	<b>838</b>	<b>354</b>	<b>12,609</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 20 for details about the lease liability for right-of-use assets.

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**18. Fair value measurement**

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

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

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

Refer to notes 16 and 18.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**18.1 Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value at Level 3 which are all recurring. 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. During 2022 and 2023, the Hospital had no valuations categorised into Level 1 or 2.

**18.2 Valuation techniques and inputs**

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

Unobservable inputs used to arrive at final valuation figures included:

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

**19. Payables**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Creditors and accrued expenses	6,080	7,130	6,069	7,128
Paid Parental Leave Scheme	30	30	30	30
Staff on-costs*	1,896	1,578	1,896	1,578
Other payables	113	128	113	128
<b>Total current payables</b>	<b>8,119</b>	<b>8,866</b>	<b>8,108</b>	<b>8,864</b>
<b>Non-current</b>				
Staff on-costs*	666	613	666	613
<b>Total non-current payables</b>	<b>666</b>	<b>613</b>	<b>666</b>	<b>613</b>
<b>Total payables</b>	<b>8,785</b>	<b>9,479</b>	<b>8,774</b>	<b>9,477</b>

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Payables are measured at nominal amounts. Creditors and accruals are recognised for all amounts owed and unpaid. Contractual payables are normally settled within 30 days from the date the invoice is first received. 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 and are settled when the respective staff benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to staff. The Hospital makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2022 rate (10.6%) to 11.1% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expenses of \$0.086 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 30 for information on risk management.

## 20. Financial liabilities

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Lease liabilities	485	527	485	527
<b>Total current financial liabilities</b>	<b>485</b>	<b>527</b>	<b>485</b>	<b>527</b>
<b>Non-current</b>				
Lease liabilities	1,029	1,180	1,029	1,180
<b>Total non-current financial liabilities</b>	<b>1,029</b>	<b>1,180</b>	<b>1,029</b>	<b>1,180</b>
<b>Total financial liabilities</b>	<b>1,514</b>	<b>1,707</b>	<b>1,514</b>	<b>1,707</b>

The Hospital measures financial liabilities including borrowings at amortised cost. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

Refer to note 30 for information on risk management.

Refer note 16 for details about the right-of-use assets (including depreciation) and note 10 for financing costs associated with these leasing activities.

### 20.1 Concessional lease arrangements for right-of-use assets

The Hospital has no concessional arrangements for right-of-use assets as lessee.

### 20.2 Maturity analysis

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

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Lease Liabilities</b>				
1 to 3 years	950	1,081	950	1,081
3 to 5 years	141	141	141	141
5 to 10 years	354	354	354	354
More than 10 years	205	276	205	276
<b>Total lease liabilities (undiscounted)</b>	<b>1,650</b>	<b>1,852</b>	<b>1,650</b>	<b>1,852</b>

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**21. Staff benefits**

	Consolidated		Parent	
	2023	2022	2023	2022
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued salaries and wages	3,894	3,331	3,894	3,331
Annual leave	11,779	10,366	11,779	10,366
Long service leave	1,388	1,307	1,388	1,307
Skills and experience retention leave	695	681	695	681
<b>Total current staff benefits</b>	<b>17,756</b>	<b>15,685</b>	<b>17,756</b>	<b>15,685</b>
<b>Non-current</b>				
Long service leave	15,352	14,775	15,352	14,775
<b>Total non-current staff benefits</b>	<b>15,352</b>	<b>14,775</b>	<b>15,352</b>	<b>14,775</b>
<b>Total staff benefits</b>	<b>33,108</b>	<b>30,460</b>	<b>33,108</b>	<b>30,460</b>

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

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

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

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

As a result of the actuarial assessment performed by DTF, the salary inflation rate has increased from the 2022 rate (1.5%) to 2.0% for annual leave and skills and experience retention leave liability. As a result, there is an increase in the employee staff benefits liability and staff benefits expenses of \$0.061 million for the current financial year. The impact on future periods is impractical to estimate.

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.

**21.2 Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by 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 across government.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2022 (3.75%) to 4.0%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF increased the salary inflation rate from 2022 (2.5%) to 3.5% for long service leave liability resulting in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$0.273 million, payables (staff on-costs) of \$0.012 million and staff benefits expense of \$0.285 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 split for long service leave between current and non-current is based on the best estimate of the amount to be paid in the current year based on leave taken in prior years.

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## 22. Provisions

Provisions represent workers compensation.

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

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	9,632	6,408	9,632	6,408
Increase in provisions recognised	4,185	3,713	4,185	3,713
Reductions arising from payments/other sacrifices of future economic benefits	(959)	(489)	(959)	(489)
<b>Carrying amount at the end of the period</b>	<b>12,858</b>	<b>9,632</b>	<b>12,858</b>	<b>9,632</b>

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

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

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

## 23. Contract liabilities and other liabilities

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Unclaimed monies	5	-	5	-
Contract liabilities	2,068	3,543	2,068	3,543
Residential aged care bonds	30,579	24,579	30,579	24,579
Other	13	37	13	37
<b>Total contract liabilities and other liabilities</b>	<b>32,665</b>	<b>28,159</b>	<b>32,665</b>	<b>28,159</b>

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

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

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**24. Cash flow reconciliation**

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	18,101	13,005	16,589	11,498
<b>Cash as per Statement of Financial Position</b>	<b>18,101</b>	<b>13,005</b>	<b>16,589</b>	<b>11,498</b>
<b>Balance as per Statement of Cash Flows</b>	<b>18,101</b>	<b>13,005</b>	<b>16,589</b>	<b>11,498</b>
<b>Reconciliation of net cash provided by operating activities to net cost of providing services:</b>				
Net cash provided by (used in) operating activities	7,824	793	7,824	957
<b>Add/less non-cash items</b>				
Asset donated free of charge	-	-	(830)	(2,126)
Capital revenues	1,050	1,338	1,050	1,338
Depreciation and amortisation expense of non-current assets	(9,600)	(10,132)	(1,550)	(1,526)
Gain/(loss) on sale or disposal of non-current assets	(225)	-	(225)	-
Interest credited directly to investments	12	5	2	1
Resources received free of charge	380	-	380	-
Dividend received via reinvestment plan	5	4	-	-
<b>Movement in assets/liabilities</b>				
Increase/(decrease) in inventories	69	69	69	69
Increase/(decrease) in receivables	3,648	329	3,593	298
(Increase)/decrease in other liabilities	(4,506)	1,463	(4,506)	1,463
(Increase)/decrease in payables and provisions	(2,533)	(6,852)	(2,524)	(6,850)
(Increase)/decrease in staff benefits	(2,648)	1,343	(2,648)	1,343
<b>Net result</b>	<b>(6,524)</b>	<b>(11,640)</b>	<b>635</b>	<b>(5,033)</b>

Total cash outflows for leases is \$0.611 million (\$0.596 million).

**25. Unrecognised contractual commitments**

**25.1 Contractual commitments to acquire property, plant & equipment**

Capital commitments	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Within one year	747	-	747	-
<b>Total capital commitments</b>	<b>747</b>	<b>-</b>	<b>747</b>	<b>-</b>

**25.2 Other contractual commitments**

Expenditure commitments	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Within one year	950	1,040	950	1,040
Later than one year but not longer than five years	113	153	113	153
<b>Total expenditure commitments</b>	<b>1,063</b>	<b>1,193</b>	<b>1,063</b>	<b>1,193</b>

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received and are disclosed at nominal amounts.

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2023 has not been quantified.

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## 26. Trust funds

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

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Carry amount at the beginning of period</b>	<b>59</b>	<b>54</b>	<b>59</b>	<b>54</b>
Client trust receipts	29	39	29	39
Client trust payments	(24)	(34)	(24)	(34)
<b>Carrying amount at the end of the period</b>	<b>64</b>	<b>59</b>	<b>64</b>	<b>59</b>

## 27. Contingent assets and liabilities

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

The Hospital is not aware of any contingent assets or liabilities. In addition it has no guarantees.

## 28. Events after balance date

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

## 29. Impact of Standards not yet implemented

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

## 30. Financial instruments/financial risk management

### 30.1 Financial risk management

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

#### Liquidity Risk

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

Refer to notes 1.5, 19 and 20 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 13 and 14 for further information.

#### Market risk

The Hospital does not engage in hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. Residential Aged Care bonds become interest bearing when a refunding event occurs as per note 23. There is no exposure to foreign currency or other price risks.

### 30.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, maturity analysis and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 or the respective financial asset / financial liability note.

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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Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2023	2022	2023	2022
		Carrying amount/ Fair value \$'000	Carrying amount/ Fair value \$'000	Carrying amount/ Fair value \$'000	Carrying amount/ Fair value \$'000
<b>Financial assets</b>					
Cash and equivalent					
Cash and cash equivalents	12,24	18,101	13,005	16,589	11,498
Amortised Cost					
Receivables <sup>(1)(2)</sup>	13	5,235	2,753	5,186	2,759
Other financial assets	14	23,533	22,497	21,280	20,251
Fair value through other comprehensive income					
Other financial assets	14	187	172	-	-
<b>Total financial assets</b>		<b>47,056</b>	<b>38,427</b>	<b>43,055</b>	<b>34,508</b>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost					
Payables <sup>(1)</sup>	19	6,025	7,107	6,014	7,105
Lease liabilities	20	1,514	1,707	1,514	1,707
Other financial liabilities	23	13	37	13	37
<b>Total financial liabilities</b>		<b>7,552</b>	<b>8,851</b>	<b>7,541</b>	<b>8,849</b>

<sup>(1)</sup> Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and fees and charges. This is in addition to employee related receivables and payables such as fringe benefits tax etc. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the disclosure requirements of AASB 7 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.

<sup>(2)</sup> Receivable amount disclosed here excludes prepayments as they are not financial assets.

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

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. Loss allowances for contract assets are measured at an amount equal to an expected credit loss method using a 12 month method. No impairment losses were recognised in relation to contract assets during the year.

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

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

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

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

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

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CONSOLIDATED AND PARENT	30 June 2023			30 June 2022		
	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	0.1 - 10.2 %	583	18	0.1 - 10.2 %	757	18
<30 days	0.4 - 13.9 %	271	11	0.4 - 13.9 %	298	12
31-60 days	0.8 - 20.9 %	81	6	0.9 - 21.0 %	117	8
61-90 days	1.1 - 31.6 %	241	33	1.1 - 31.6 %	72	8
91-120 days	1.3 - 35.4 %	100	16	1.4 - 35.5 %	63	9
121-180 days	1.9 - 48.4 %	86	20	1.9 - 48.6 %	112	31
181-360 days	3.6 - 76.1 %	199	80	3.7 - 76.5 %	140	55
361-540 days	4.7 - 92.2 %	194	111	4.8 - 91.6 %	131	56
>540 days	5.5 - 100.0 %	297	111	5.5 - 100.0 %	375	132
<b>Total</b>		<b>2052</b>	<b>406</b>		<b>2065</b>	<b>329</b>

### 31. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report.

The Hospital received funding from the SA Government via the Department (note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 9). The Department transferred capital works in progress of \$1.030 million (\$1.338 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for capital works of \$0.367 million (\$0.530 million).

### 32. Interests in other entities

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

#### Controlled Entities

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

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

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

The HAC have no powers to direct or make decisions with respect to the management and administration of the Hospital.

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

<b>Health Advisory Council</b>		
<b>Incorporated HACs</b>		
Berri Barmera District Health Advisory Council Inc	Coorong Health Service Health Advisory Council Inc	Loxton and Districts Health Advisory Council Inc
Mallee Health Service Health Advisory Council Inc	Mannum District Hospital Health Advisory Council Inc	Renmark Paringa District Health Advisory Council Inc
The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc	Waikerie and Districts Health Advisory Council Inc	Berri Barmera District Health Advisory Council Inc Gift Fund Trust
Coorong Health Service Health Advisory Council Inc Gift Fund Trust	Loxton and Districts Health Advisory Council Inc Gift Fund Trust	Mallee Health Service Health Advisory Council Inc Gift Fund Trust
Mannum District Hospital Health Advisory Council Inc Gift Fund Trust	Renmark Paringa District Health Advisory Council Inc Gift Fund Trust	The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc Gift Fund Trust
Waikerie and Districts Health Advisory Council Inc Gift Fund Trust		

**RIVERLAND MALLEE COORONG LOCAL HEALTH NETWORK**  
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**33. Board and committee members**

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

<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Riverland Mallee Coorong Local Health Network Governing Board	-	Joyner P (Chair), Ashworth E, Goldsmith C, Ottaway M, Toogood F
Riverland Mallee Coorong Local Health Network Risk and Audit Committee*	-	Brass P (Chair)*, Goldsmith C, Joyner P, Ottaway M

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

Refer to note 8.2 for remuneration of board and committee members

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**34. Schedules of administered items**

The Hospital administers fees and charges collected on behalf of doctors that work in Medical Centres owned by the Hospital. The Hospital cannot use these administered funds for the achievement of its objectives. In 2023 there were no longer any doctors working under this arrangement with services instead being provided by locums and salaried medical officers.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Other expenses	-	(128)
Revenue from fees and charges	-	128
<b>Net result</b>	<b>-</b>	<b>-</b>
Opening cash	-	-
Cash inflows	-	128
Cash outflows	-	(128)
<b>Cash at 30 June</b>	<b>-</b>	<b>-</b>

**Certification of the financial statements  
Riverland Mallee Coorong Local Health Network**

We certify that the:

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



.....  
Dr. Peter Joyner  
Board Chair



.....  
Wayne Champion  
Chief Executive Officer



.....  
Ken Brown  
Acting Chief Finance Officer

Date 12/09/2023.....