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To the Board Chair Women's and Children's Health Network Incorporated

Opinion

I have audited the financial report of the Women's and Children's Health Network Incorporated 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 Women's and Children's Health Network Incorporated as at 30 June 2023, its financial performance and its 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
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Board Chair, the Interim Chief Executive Officer and the Chief Finance and Commercial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Women's and Children's Health Network Incorporated. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (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 Interim Chief Executive Officer and the Board for the financial report

The Interim 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 Interim Chief Executive Officer is responsible for assessing the 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 Interim 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 Women's and Children's Health Network Incorporated 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 Women's and Children's Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Interim Chief Executive Officer
- conclude on the appropriateness of the Interim 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 Interim 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

21 September 2023

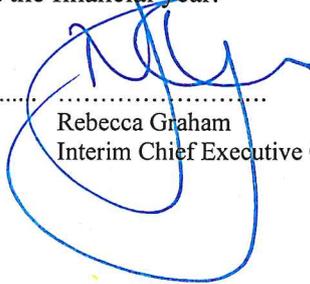
Certification of the financial statements

We certify that the:

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



Christine Dennis
Board Chair



Rebecca Graham
Interim Chief Executive Officer



Yvonne Warncken
Chief Finance and Commercial Officer

Date 14/9/2023

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Revenues from SA Government	2	587,823	524,379
Fees and charges	3	30,915	28,495
Grants and contributions	4	12,821	10,348
Interest	11	399	-
Resources received free of charge	5	4,340	3,619
Gain on revaluation of investment property	15,16	1,175	2,250
Other revenues/income	6	11,680	13,757
Total income		649,153	582,848
Expenses			
Staff benefits expenses	7	428,331	391,854
Supplies and services	8	167,519	153,557
Depreciation and amortisation	15,16	23,815	19,283
Grants and subsidies		64	44
Borrowing costs	19	66	71
Net loss from disposal of non-current and other assets	9	39	-
Impairment loss on receivables	12.1	(83)	386
Other expenses	10	47,852	577
Total expenses		667,603	565,772
Net result		(18,450)	17,076
Other Comprehensive Income			
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity		84	(281)
Total other comprehensive income		84	(281)
Total comprehensive result		(18,366)	16,795

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	11	24,411	22,056
Receivables	12	11,297	10,385
Inventories	14	1,146	969
Total current assets		36,854	33,410
Non-current assets			
Receivables	12	1,794	1,035
Other financial assets	13	1,221	1,137
Property, plant and equipment	15,16	383,730	402,645
Investment property	15,16	21,375	20,200
Intangible assets	15.5	1	4
Total non-current assets		408,121	425,021
Total assets		444,975	458,431
Current liabilities			
Payables	18	19,671	18,733
Financial liabilities	19	516	884
Staff benefits	20	58,568	53,737
Provisions	21	2,222	1,806
Contract liabilities and other liabilities	22	1,264	2,091
Total current liabilities		82,241	77,251
Non-current liabilities			
Payables	18	2,673	2,592
Financial liabilities	19	3,129	3,995
Staff benefits	20	61,682	62,410
Provisions	21	6,195	4,762
Total non-current liabilities		73,679	73,759
Total liabilities		155,920	151,010
Net assets		289,055	307,421
Equity			
Retained earnings		85,608	104,058
Asset revaluation surplus		202,933	202,933
Other reserves		514	430
Total equity		289,055	307,421

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2021	202,933	711	86,982	290,626
Net result for 2021-22	-	-	17,076	17,076
Gain/(loss) on revaluation of other financial assets	-	(281)	-	(281)
Total comprehensive result for 2021-22	-	(281)	17,076	16,795
Balance at 30 June 2022	202,933	430	104,058	307,421
Net result for 2022-23	-	-	(18,450)	(18,450)
Gain/(loss) on revaluation of other financial assets	-	84	-	84
Total comprehensive result for 2022-23	-	84	(18,450)	(18,366)
Balance at 30 June 2023	202,933	514	85,608	289,055

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		483,715	435,187
Fees and charges		30,400	28,304
Grants and contributions		13,264	10,455
Interest received		399	-
Other receipts		646	1,507
GST recovered from ATO		6,854	5,614
Cash generated from operations		535,278	481,067
Cash outflows			
Staff benefits payments		(419,514)	(402,124)
Payments for supplies and services		(95,412)	(77,164)
Payments of grants and subsidies		(70)	(48)
Interest paid		(66)	(71)
Other payments		(741)	(652)
Cash used in operations		(515,803)	(480,059)
Net cash provided by/(used in) operating activities		19,475	1,008
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of property, plant and equipment		19	-
Cash generated from investing activities		19	-
Cash outflows			
Purchase of property, plant and equipment		(15,295)	(8,643)
Cash used in investing activities		(15,295)	(8,643)
Net cash provided by/(used in) investing activities		(15,276)	(8,643)
Cash outflows			
Repayment of lease liabilities		(1,844)	(1,991)
Cash used in financing activities		(1,844)	(1,991)
Net cash provided by/(used in) financing activities		(1,844)	(1,991)
Net increase/(decrease) in cash and cash equivalents		2,355	(9,626)
Cash and cash equivalents at the beginning of the period		22,056	31,682
Cash and cash equivalents at the end of the period	11	24,411	22,056
Non-cash transactions	23		

The accompanying notes form part of these financial statements.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. About Women's and Children's Health Network

The Women's and Children's Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital established under section 29 of the *Health Care Act 2008*. The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity and has no interest in unconsolidated structured entities.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in Administered Items (note 30). Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.1 Objectives and activities

The Hospital is committed to protecting and improving the health of all South Australians by delivering a system that balances the provision of safe, high-quality and accessible services that are sustainable and reflective of local values, needs and priorities with strategic system leadership, regulatory responsibilities and an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Hospital is part of the SA Health portfolio providing health services for women, youth and children across South Australia.

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 accordance 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 in the notes.

1.3 Taxation

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

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

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

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1.4 Continuity of Operations

As at 30 June 2023, the Hospital had working capital deficiency of \$45.387 million (\$43.841 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions. 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

1.5 Equity

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

Other reserves include investment revaluation reserves to record unrealised gains or losses available from the sale of investments.

1.6 Change in accounting policy

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

1.7 Impact of COVID-19 pandemic

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an ongoing cost associated with COVID capacity and preparation, maintenance of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed.

2. Revenues from SA Government

	2023	2022
	\$'000	\$'000
Operational funding	536,284	489,008
Capital projects funding	51,539	35,371
Total revenues from Department for Health and Wellbeing	587,823	524,379

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

3. Fees and charges

	2023	2022
	\$'000	\$'000
Car parking revenue	2,095	1,556
Commissions revenue	59	69
Interstate patient transfers	3	4
Patient and client fees	16,045	14,432
Private practice fees	1,650	1,707
Fees for health services	2,023	2,221
Sale of goods - medical supplies	741	600
Training revenue	325	412
Other user charges and fees	7,974	7,494
Total fees and charges	30,915	28,495

The Hospital measures revenue based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Hospital satisfies performance obligations by transferring the promised goods or services to its customers.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2023 Goods/Services transferred at a point in time	2023 Goods/Services transferred over a period of time	2022 Goods/Services transferred at a point in time	2022 Goods/Services transferred over a period of time
Car parking revenue	2,095	-	1,556	-
Commissions revenue	59	-	69	-
Interstate patient transfers	3	-	4	-
Patient and client fees	14,830	-	13,590	-
Private practice fees	1,650	-	1,707	-
Fees for health services	1,354	-	1,431	-
Sale of goods - medical supplies	711	-	600	-
Training revenue	276	-	370	-
Other user charges and fees	6,971	-	7,055	-
Total contracts with external customers	27,949	-	26,382	-
Patient and client fees	1,215	-	842	-
Fees for health services	669	-	790	-
Sale of goods - medical supplies	30	-	-	-
Training revenue	49	-	42	-
Other user charges and fees	1,003	-	439	-
Total contracts with SA Government customers	2,966	-	2,113	-
Total contracts with customers	30,915	-	28,495	-

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 22). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, the Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 12).

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

Patient and Client Fees

Public health care is free for Medicare eligible customers. Non-Medicare 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, nurses, allied health professionals and consumables. Revenue from these services is recognised on a time-and-materials basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

Private practice fees

The Hospital grants their employed salaried medical consultants the ability to provide billable medical services relating to the assessment, treatment and care of privately referred outpatients or private inpatients on site. Fees derived from undertaking private practice are income derived in the hands of the specialist. The specialist appoints the Hospital as an agent in the rendering and recovery of accounts of the specialist's private practice. The Hospital disburses amounts collected on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognised as it's collected, as per the Rights of Private Practice Agreement.

Car Parking Revenue

Car parking revenue increased in 2022-2023 as car parking fees were reintroduced in March 2023 but at a capped rate.

The Hospital provides access to car parks directly to employees, patients, and visitors. Public car parking is available for the Hospital at the Medical Centre Car Park located in Kermode Street, North Adelaide (adjacent to the pedestrian crossing) and is payable by the hour based on the time consumed. Tickets are purchased via the pay station. A discounted weekly ticket is also available. Revenue is recognised when control of the goods has transferred to the customer, being when the ticket is purchased.

Parking is also available at the Rogerson Car Park which is on-site.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

4. Grants and contributions

	2023	2022
	\$'000	\$'000
Other SA Government grants and contributions	6,744	6,375
Private sector capital contributions	212	85
Private sector grants and contributions	5,865	3,888
Total grants and contributions	12,821	10,348

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

Of the \$12.821 million (\$10.348 million) received during the reporting period for grants and contributions, \$0.346 million (\$0.867 million) was provided for specific purposes, such as research and associated activities.

5. Resources received free of charge

	2023	2022
	\$'000	\$'000
Land and buildings	619	38
Plant and equipment	28	-
Services	3,693	3,581
Total resources received free of charge	4,340	3,619

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$2.998 million (\$2.806 million) and ICT services valued at \$0.695 million (\$0.775 million) from the Department of the Premier and Cabinet following Cabinet's approval to cease intra-government charging. The Hospital also received imaging equipment valued at \$0.028 million and upgrades to building suites valued at \$0.619 million from the Central Adelaide Local Health Network.

In addition, although not recognised, the Hospital received volunteer services. The volunteers provide patient and staff support services using the Hospital's resources. The services include respite care, transport, therapeutic activities, providing a gift shop and a café.

6. Other revenues/income

	2023	2022
	\$'000	\$'000
Dividend revenue	38	291
Donations	870	550
Health recoveries	10,196	12,547
Insurance recoveries	87	21
Other	489	348
Total other revenues/income	11,680	13,757

7. Staff benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	341,590	323,637
Targeted voluntary separation packages	71	290
Long service leave	7,578	(1,686)
Annual leave	33,831	32,993
Skills and experience retention leave	1,897	1,961
Staff on-costs - superannuation*	39,008	34,653
Staff on-costs - other	1	2
Workers compensation	3,432	(690)
Board and committee fees	357	354
Other staff related expenses	566	340
Total staff benefits expenses	428,331	391,854

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

7.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the eight (eight) members of the governing board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the seven (eight) members of the Executive Management Group.

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	2,592	2,928
Post-employment benefits	750	467
Other long-term employment benefits	77	-
Total	3,419	3,395

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.

7.2 Remuneration of Board and Committees

	2023	2022
	No. of	No. of
	Members	Members
\$0	1	1
\$1 - \$20,000	6	5
\$20,001 - \$40,000	6	-
\$40,001 - \$60,000	2	7
\$60,001 - \$80,000	-	-
\$80,001 - \$100,000	-	1
Total	15	14

The total remuneration, including superannuation, received or receivable by members was \$0.374 million (\$0.404 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any related fringe benefits tax. 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 31 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.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

7.3 Remuneration of Staff

	2023	2022
The number of staff whose remuneration received or receivable falls within the following bands:	No.	No.
\$157,000 - \$160,000*	-	13
\$160,001 - \$180,000	83	75
\$180,001 - \$200,000	43	42
\$200,001 - \$220,000	27	17
\$220,001 - \$240,000	24	24
\$240,001 - \$260,000	20	18
\$260,001 - \$280,000	15	17
\$280,001 - \$300,000	9	6
\$300,001 - \$320,000	14	6
\$320,001 - \$340,000	8	9
\$340,001 - \$360,000	13	10
\$360,001 - \$380,000	7	6
\$380,001 - \$400,000	10	10
\$400,001 - \$420,000	8	13
\$420,001 - \$440,000	7	8
\$440,001 - \$460,000	8	12
\$460,001 - \$480,000	9	10
\$480,001 - \$500,000	8	2
\$500,001 - \$520,000	7	5
\$520,001 - \$540,000	4	2
\$540,001 - \$560,000	3	4
\$560,001 - \$580,000	6	5
\$580,001 - \$600,000	6	7
\$600,001 - \$620,000	2	2
\$620,001 - \$640,000	2	4
\$640,001 - \$660,000	1	2
\$680,001 - \$700,000	2	1
\$700,001 - \$720,000	1	-
\$720,001 - \$740,000	-	3
\$740,001 - \$760,000	1	-
\$800,001 - \$820,000	-	1
Total number of staff	348	334

* This band has been included for the purpose of reporting comparative figures based on the executive base-level remuneration rate for 2022.

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

7.4 Remuneration of staff by classification

The total remuneration received by these staff included above:

	2023		2022	
	No.	\$'000	No.	\$'000
Executive	7	1,754	8	1,951
Medical (excluding Nursing)	295	91,646	284	89,141
Non-medical (i.e. administration)	7	1,263	11	2,001
Nursing	39	6,708	31	5,267
Total	348	101,371	334	98,360

7.5 Targeted voluntary separation packages

	2023	2022
	\$'000	\$'000
Amount paid to separated staff:		
Leave paid/payable to separated employees	33	143
Targeted voluntary separation packages	71	290
	104	433

The number of staff who received a TVSP during the reporting period	1	6
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TVSPs include 1 (6) separation resulting from the Workforce Rejuvenation Program.

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8. Supplies and services

	2023	2022
	\$'000	\$'000
Administration	865	772
Advertising	1,152	152
Communication	2,220	2,266
Computing	7,066	5,401
Consultants	141	384
Contract of services	27	54
Contractors	608	682
Contractors - Agency staff	11,131	8,514
Drug supplies	13,136	11,356
Electricity, gas, and fuel	4,083	3,363
Fee for service	4,843	5,011
Food supplies	2,536	2,257
Housekeeping	14,036	13,141
Insurance	7,678	6,099
Internal SA Health SLA payments	7,608	7,305
Interstate patient transfers	1	1
Legal	388	271
Medical, surgical and laboratory supplies	47,748	44,156
Minor equipment	1,960	2,777
Motor vehicle expenses	1,053	1,072
Occupancy rent and rates	3,836	3,950
Patient transport	2,933	3,507
Postage	1,107	1,015
Printing and stationery	1,859	1,853
Rental expense on operating lease	3	2
Repairs and maintenance	10,304	11,869
Security	3,353	3,762
Services from Shared Services SA	3,046	2,834
Training and development	4,846	4,433
Travel expenses	3,173	824
Other supplies and services	4,779	4,474
Total supplies and services	167,519	153,557

Part of the Hospital's accommodation is provided by the Department of Infrastructure and Transport (DIT) under MoAA issued in accordance with Government-wide accommodation policies. These arrangements did not meet the definition of a lease and accordingly are expensed (disclosed within Occupancy rent and rates).

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

	2023	2022
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	19	-
Less carrying amount of assets disposed	(58)	-
Total net gain/(loss) from disposal of plant and equipment	(39)	-
Total assets:		
Total proceeds from disposal	19	-
Less total carrying amount of assets disposed	(58)	-
Total net gain/(loss) from disposal of non-current and other assets	(39)	-

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.

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10. Other expenses

	2023	2022
	\$'000	\$'000
Debts written off	128	123
Bank fees and charges	53	49
Other*	1,565	405
Project de-recognition**	46,106	-
Total other expenses	47,852	577

* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.168 million (\$0.190 million). No other services were provided by the Auditor-General's Department. Also included are \$1.256 million work in progress written off.

** Project de-recognition expenditure as a result of the SA Government's announcement on 27 September 2022, that the new WCH will be constructed on the current SAPOL Barracks site, scrapping the former SA Government's plans to construct the new WCH on the RAH West Site.

11. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank or on hand	1,247	1,449
Deposits with Treasurer: general operating	7,761	5,543
Deposits with Treasurer: special purpose funds	15,403	15,064
Total cash and cash equivalents	24,411	22,056

Cash is measured at nominal amounts. The Government has a policy to align agency cash balances with the appropriation and expenditure authority

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

The Hospital only earns interest on the special deposit account and in 2022-23, received \$0.399 million. No interest was received for 2021-22 due to low interest rates.

12. Receivables

		2023	2022
	Note	\$'000	\$'000
Current			
Patient/client fees: compensable		347	363
Patient/client fees: other		8,179	7,228
Debtors		2,560	2,707
Less: allowance for impairment loss on receivables	12.1	(1,708)	(1,791)
Prepayments		91	646
Dividends		23	40
Workers compensation provision recoverable		842	550
Sundry receivables and accrued revenue		944	505
GST input tax recoverable		19	137
Total current receivables		11,297	10,385
Non-current			
Workers compensation provision recoverable		1,662	920
Debtors		132	115
Total non-current receivables		1,794	1,035
Total receivables		13,091	11,420

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

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

12.1 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 allowance for impairment loss on receivables:

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	1,791	1,405
Increase/(Decrease) in allowance recognised in profit or loss	(83)	386
Carrying amount at the end of the period	1,708	1,791

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 28 for details regarding credit risk and the methodology for determining impairment.

13. Other financial assets

	2023	2022
	\$'000	\$'000
Non-current		
Other investments FVOCI	1,221	1,137
Total non-current investments	1,221	1,137
Total investments	1,221	1,137

The Hospital measures other investments at fair value through Other Comprehensive Income (FVOCI) represented by market value. This includes shares in other corporations, floating rate notes, listed securities and managed funds. There is no impairment on other financial assets. Refer to note 28 for information on risk management.

14. Inventories

Inventories of \$1.146 million (\$0.969 million) are held for distribution at no or nominal consideration and are measured at the lower of average weighted cost or 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.

15. Property, plant and equipment, investment property and intangible assets

15.1 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.

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15.2 Depreciation and amortisation

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 the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Depreciation and amortisation are 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	40-80
Right-of-use buildings	Lease term
Accommodation and Leasehold improvements	Lease term
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	Lease term
Intangibles	5-30

15.3 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 assets' fair value at the time of acquisition is greater than \$1.500 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 \$1.500 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

15.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets 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, intangibles or investment property as at 30 June 2023.

15.5 Intangible assets

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

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

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria and recognition criteria, and when the amount of expenditure is greater than or equal to \$10,000. Capitalised software is amortised over the useful life of the asset.

Intangible assets consist of the carrying amount at the beginning of the period \$0.004 million (\$0.011 million), plus additions of \$0.001 million (\$0.00 million) less amortisation of \$0.004 million (\$0.007 million), resulting in a carrying amount at end of the period of \$0.001 million (\$0.004 million).

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15.6 Land and buildings

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

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

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

The next revaluation of land and buildings is due to occur in 2023-24.

15.7 Plant and equipment

The Hospital's plant and equipment assets with a fair value greater than \$1.500 million or an estimated useful life of greater than three years were revalued using fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd. The value of all other 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.

15.8 Investment property

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

An independent valuation was performed on the investment property at 27 Kermode Street North Adelaide by certified practicing valuers for AssetVal, a business of Marsh Pty Ltd, as at 30 June 2023. Fair value has been determined by the capitalised income approach, whereby an appropriate yield is applied to the property's income based on sales analysis of comparable properties.

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

15.9 Leased property, plant and equipment

Right-of-use assets are recorded at cost, and there were no indications for impairment. Additions to right-of-use assets during 2022-23 were \$0.547 million (\$1.920 million).

The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 20 years.

Major lease activities include the use of:

- Properties – buildings and health clinics are generally leased from the private sector. Generally, property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- 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 kilometers, whichever occurs first.
- Plant and equipment – these leases for material handling equipment are cancellable and renewable every 2 years.

The Hospital has committed to lease arrangements that commence from 1 July 2023, which are included in the lease liability maturity analysis. The Hospital has not entered into any sub-lease arrangements and has no concessional lease arrangements.

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 19. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 16 and 19. Cash outflows related to right-of-use assets are disclosed at note 23.

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16. Reconciliation of property, plant and equipment and investment properties

The following table shows the movement:

2022-23	Land and buildings:				Accommodation and Leasehold improvements \$'000	Plant and equipment:					Investment property \$'000	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			
Carrying amount at the beginning of the period	45,802	252,615	3,203	88,745	206	7,599	1,304	1,473	1,698	20,200	422,845	
Additions	-	-	-	47,540	-	1,738	-	547	1,784	-	51,609	
Assets received free of charge	-	-	-	619	-	-	-	-	28	-	647	
Disposals	-	-	-	-	-	(52)	(6)	-	-	-	(58)	
Transfers between asset classes	-	40,260	-	(40,297)	-	1,628	110	-	(1,701)	-	-	
Project de-recognition	-	-	-	(46,106)	-	-	-	-	-	-	(46,106)	
Asset Written Off	-	-	-	-	-	-	-	-	(1,256)	-	(1,256)	
Remeasurement	-	-	60	-	-	-	-	-	-	-	60	
Subtotal:	45,802	292,875	3,263	50,501	206	10,913	1,408	2,020	553	20,200	427,741	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(18,830)	(994)	-	(20)	(2,920)	(194)	(853)	-	-	(23,811)	
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	1,175	1,175	
Subtotal:	-	(18,830)	(994)	-	(20)	(2,920)	(194)	(853)	-	1,175	(22,636)	
Carrying amount at the end of the period	45,802	274,045	2,269	50,501	186	7,993	1,214	1,167	553	21,375	405,105	
Gross carrying amount												
Accumulated depreciation/amortisation	-	(78,447)	(4,021)	-	(2,328)	(19,856)	(3,040)	(1,470)	-	-	(109,162)	
Gross carrying amount	45,802	352,492	6,290	50,501	2,514	27,849	4,254	2,637	553	21,375	514,267	
Carrying amount at the end of the period	45,802	274,045	2,269	50,501	186	7,993	1,214	1,167	553	21,375	405,105	

All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment property (classified as level 2) and capital works in progress (not classified). Refer to note 19 for details about the lease liability for right-of-use assets.

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2021-22	Land and buildings:				Plant and equipment:							Investment property \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Right-of-use buildings \$'000	Capital works in progress land and buildings \$'000	Accommodation and Leasehold improvements \$'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				
Carrying amount at the beginning of the period	45,802	259,011	3,520	63,574	226	7,568	1,493	1,236	2,025	17,950	402,405		
Additions	-	-	811	33,555	-	1,951	-	1,109	2	-	37,428		
Assets received free of charge	-	-	-	38	-	-	-	-	-	-	38		
Disposals	-	-	-	-	-	-	-	-	-	-	-		
Transfers between asset classes	-	8,422	-	(8,422)	-	329	-	-	(329)	-	-		
Subtotal:	45,802	267,433	4,331	88,745	226	9,848	1,493	2,345	1,698	17,950	439,871		
Gains/(losses) for the period recognised in net result:													
Depreciation and amortisation	-	(14,818)	(1,128)	-	(20)	(2,249)	(189)	(872)	-	-	(19,276)		
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	2,250	2,250		
Subtotal:	-	(14,818)	(1,128)	-	(20)	(2,249)	(189)	(872)	-	2,250	(17,026)		
Carrying amount at the end of the period	45,802	252,615	3,203	88,745	206	7,599	1,304	1,473	1,698	20,200	422,845		
Gross carrying amount													
Accumulated depreciation/amortisation	-	(59,615)	(3,027)	-	(2,308)	(19,647)	(2,897)	(1,143)	-	-	(88,637)		
Gross carrying amount	45,802	312,230	6,230	88,745	2,514	27,246	4,201	2,616	1,698	20,200	511,482		
Carrying amount at the end of the period	45,802	252,615	3,203	88,745	206	7,599	1,304	1,473	1,698	20,200	422,845		

All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment property (classified as level 2) and capital works in progress (not classified). Refer to note 19 for details about the lease liability for right-of-use assets.

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17. 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 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 15 and 17.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

17.1 Fair value hierarchy

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

Fair value measurements at 30 June 2023

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 16)			
Land	-	45,802	45,802
Buildings and improvements	-	274,045	274,045
Leasehold improvements	-	186	186
Plant and equipment	-	9,207	9,207
Investment property	21,375	-	21,375
Total recurring fair value measurements	21,375	329,240	350,615

Fair value measurements at 30 June 2022

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 16)			
Land	-	45,802	45,802
Buildings and improvements	-	252,615	252,615
Leasehold improvements	-	206	206
Plant and equipment	-	8,903	8,903
Investment property	20,200	-	20,200
Total recurring fair value measurements	20,200	307,526	327,726

There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 15 and 17.2.

During 2023 and 2022, the hospital had no valuations categorised into Level 1 and there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels.

17.2 Valuation techniques and inputs

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

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

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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.

Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

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

18. Payables

	2023	2022
	\$'000	\$'000
Current		
Creditors and accrued expenses	10,933	11,771
Paid Parental Leave Scheme	22	72
Staff on-costs*	8,139	6,050
Other payables	577	840
Total current payables	19,671	18,733
Non-current		
Staff on-costs*	2,673	2,592
Total non-current payables	2,673	2,592
Total payables	22,344	21,325

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. Staff on-costs are settled when the respective staff benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to their short term nature.

*Staff on-costs include Return to Work SA levies and superannuation contributions 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 superannuation guarantee rate. 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 \$0.328 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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19. Financial liabilities

	2023	2022
	\$'000	\$'000
Current		
Lease liabilities	516	884
Total current financial liabilities	516	884
Non-current		
Lease liabilities	3,129	3,995
Total non-current financial liabilities	3,129	3,995
Total financial liabilities	3,645	4,879

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. The borrowing cost associated with leasing activities is \$0.066 million (\$0.071 million). Refer to note 28 for information on risk management.

Refer note 16 for details about the right of use assets (including depreciation).

19.1 Concessional lease arrangements

The Hospital has no concessional lease arrangements.

19.2 Maturity analysis

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

	2023	2022
	\$'000	\$'000
Lease Liabilities		
1 to 3 years	2,426	3,059
3 to 5 years	1,013	933
5 to 10 years	292	686
More than 10 years	-	-
Total lease liabilities (undiscounted)	3,731	4,678

20. Staff benefits

	2023	2022
	\$'000	\$'000
Current		
Accrued salaries and wages	9,541	8,403
Annual leave	39,953	36,475
Long service leave	5,576	5,523
Skills and experience retention leave	3,484	3,333
Other	14	3
Total current staff benefits	58,568	53,737
Non-current		
Long service leave	61,682	62,410
Total non-current staff benefits	61,682	62,410
Total staff benefits	120,250	116,147

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

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

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

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

As a result of the actuarial assessment performed by DTF, the salary inflation rate has 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 employee benefits expenses of \$0.213 million. No provision has been made for sick leave, as all sick leave is non-vesting, and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

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20.2 Long service leave

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities and the health sector 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 \$1.165 million, payables (staff on-costs) of \$0.049 million and staff benefits expense of \$1.214 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

21. Provisions

21.1 Workers Compensation

Reconciliation of workers compensation (statutory and non-statutory)

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	6,568	9,747
Additions resulting from re-measurement or settlement without cost	-	40
Increase/(Decrease) in provisions recognised	1,499	(2,787)
Increase/(Decrease) arising from payments/other sacrifices of future economic benefits	350	(432)
Carrying amount at the end of the period	8,417	6,568

Total workers compensation contains current provision of \$2.222 million (\$1.806 million) and non-current provision of \$6.195 million (\$4.762 million).

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.

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22. Contract liabilities and other liabilities

	2023	2022
Current	\$'000	\$'000
Unearned revenue	1,139	1,869
Unclaimed monies	2	-
Other	123	222
Total current contract liabilities and other liabilities	1,264	2,091
Total contract liabilities and other liabilities	1,264	2,091

A contract liability is recognised for revenue relating to access assistance and health assistance projects /programs in advance and is realised as agreed milestones have been achieved.

All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

23. Cash flow reconciliation

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

	2023	2022
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	24,411	22,056
Cash as per Statement of Financial Position	24,411	22,056
Balance as per Statement of Cash Flows	24,411	22,056

Reconciliation of net cash provided by operating activities to net result:

Net cash provided by (used in) operating activities	19,475	1,008
Add/less non-cash items		
Capital revenues	36,624	26,555
Depreciation and amortisation expense of non-current assets	(23,815)	(19,283)
Capital works in progress plant and equipment - written off	(1,256)	-
Increments/(decrements) on revaluation of investment property	1,175	2,250
Resources received free of charge	647	38
Capitalised interest expense on finance lease	(51)	-
Project Derecognition – transferred to expense	(46,106)	-

Movement in assets and liabilities

Increase/(decrease) in receivables	1,672	1,060
Increase/(decrease) in inventories	177	39
(Increase)/decrease in staff benefits	(4,103)	8,400
(Increase)/decrease in payables and provisions	(3,716)	(2,673)
(Increase)/decrease in other liabilities	827	(318)
Net result	(18,450)	17,076

Total cash outflows for leases is \$1.910 million (\$2.062 million).

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24. Unrecognised contractual commitments

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

24.1.1 Contractual commitments to acquire property, plant and equipment

	2023	2022
	\$'000	\$'000
Within one year	479	824
Total capital commitments	479	824

The Hospital's capital commitments are for plant and equipment ordered but not received. Capital commitments for major infrastructure works are recognised in the Department for Infrastructure and Transport's financial statements.

24.2.1 Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	23,383	24,892
Later than one year but not longer than five years	-	375
Total other expenditure commitments	23,383	25,267

The Hospital expenditure commitments are for agreements for goods and services ordered but not received; and administrative arrangements with DIT for accommodation.

25. 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.

On 20 February 2023 the first pre-action legal claim was received by SA Health's insurer (South Australian Financing Authority) in respect of an undermapping issue concerning the Hospital's Cochlear Implant Program (CIP). As of 7 September 2023, 14 pre-action claims have been received. Discussions between the parties continue in respect of these legal claims. The Hospital's deductible for all legal claims associated with the CIP is \$0.010 million.

26. Events after balance date

Following an independent review in 2022, it was identified that since 2006 there had been 208 children that received care through the Hospital's CIP, with a proportion of children's cochlear implants under-mapped. Recognising the impact of this issue on these children and their families, the Government announced on Monday 21 August, 2023 that it would make available, to impacted families involved in the CIP from 2006, one-off payments. As announced, payments would be available to families of \$5,000 per child, who were part of the Hospital's CIP but had not been under-mapped and \$50,000 per child who were under-mapped as part of the CIP. These announced payments do not mitigate a family's entitlement to compensation claims in the future in relation to the implant under-mapping issues identified.

27. Impact of Standards not yet implemented

Australian Accounting Standards and Interpretations not yet effective have not been adopted by the Hospital for the reporting period ended 30 June 2023, except for AASB 2021-2 which was adopted from 1 July 2021.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* will apply from 1 July 2024. Given the complexity and level of judgement required in applying AASB 13 and the new amending standard, together with the need to liaise with valuers, the Hospital has not yet determined the impact.

The Hospital does not expect any other standards issued but not yet effective to have a material impact on the financial statements

28. Financial instruments/financial risk management

28.1 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 via the Department. The Department works with DTF to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to Note 18 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 11, 12 and 13 for further information.

Market risk

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

There have been minimal changes in risk exposure since the last reporting period.

28.2 Categorisation of financial instruments

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

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

A financial asset is measured at amortised cost if:

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

Category of financial asset and financial liability	Notes	2023 Carrying amount/ Fair value \$'000	2022 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	11,23	24,411	22,056
Amortised Cost			
Receivables ⁽¹⁾⁽²⁾	12	10,305	8,970
Fair value through other comprehensive income			
Other financial assets	13	1,221	1,137
Total financial assets		35,937	32,163
Financial liabilities			
Financial liabilities at amortised cost			
Payables ⁽¹⁾	18	11,342	12,433
Other liabilities	22	123	222
Total financial liabilities		11,465	12,655

⁽¹⁾ Receivable and payable amounts disclosed here 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 staff related receivables and payables such as payroll tax, 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.

⁽²⁾ Receivables amount disclosed here excludes prepayments as they are not financial assets.

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28.3 Credit risk exposure and impairment of financial assets

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

An allowance matrix is used 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 the 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 risk characteristics and the days past. When estimated expected credit loss, the Hospital considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis based on the Hospital's historical experience and informed credit assessment including forward-looking information.

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

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

	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
Days past due						
Current	0.6-3.3%	1,970	20	0.7-2.7%	1,710	18
<30 days	1.4-4.4%	1,519	21	1.7-3.7%	983	21
31-60 days	1.7-8.0%	722	14	4.6-6.7%	534	11
61-90 days	3.4-11.6%	110	5	8.2-9.8%	253	10
91-120 days	5.7-13.5%	356	21	11.5-11.4%	117	7
121-180 days	9.7-19.4%	404	42	16.7-16.6%	140	17
181-360 days	28.3-43.7%	941	272	28.5-39%	674	193
361-540 days	48.9-62.7%	441	268	49.1-58.1%	410	250
>540 days	54.6-80.9%	1,395	1,045	54.8-77.7%	1,657	1,264
Total		7,858	1,708		6,478	1,791

29. 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 expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 8). The Department transferred capital works in progress of \$23.855 million (\$26.555 million) to the Hospital. The Hospital incurred significant expenditure with the DIT for capital works of \$3.836 million (\$3.126 million which largely reflects occupancy rent and rates (note 8). The value of unrecognised contractual expenditure commitments for accommodation with DIT was nil (\$0.071 million) (note 24.2.1).

The Hospital provides and receives trainee medical officers and other staff to and from other Local Health Networks within South Australia. Resources are also provided to the Department of Education for the Access Assistants program.

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30. Administered items

The Hospital administers:

- *Strata Corp* represents the financial operations of the Car Park located at Unit 1, 27 Kermode Street North Adelaide which services the Hospital and surrounds. Strata Corp administers and manages the Car Park on behalf of the Unit holders (the Hospital, Women's and Children's Hospital Foundation, and the Residential Unit holders).
- *Private Practice* represents funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

	Strata Corp		Private Practice		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	(59)	(59)	-	-	(59)	(59)
Supplies and services	(259)	(306)	-	-	(259)	(306)
Depreciation and amortisation expense	(3)	(3)	-	-	(3)	(3)
Other expenses	-	-	(3,857)	(4,311)	(3,857)	(4,311)
Revenue from fees and charges	227	306	3,938	4,596	4,165	4,902
Net result	(94)	(62)	81	285	(13)	223
Other provisions/liabilities	-	-	(1)	(2)	(1)	(2)
Cash and cash equivalents	17	19	404	428	421	447
Property, plant and equipment	24	27	-	-	24	27
Receivables	64	72	480	355	544	427
Payables	(8)	(3)	-	-	(8)	(3)
Net assets	97	115	883	781	980	896
Cash at 1 July	-	-	-	-	447	660
Cash inflows	-	-	-	-	3,831	4,098
Cash outflows	-	-	-	-	(3,857)	(4,311)
Cash at 30 June	-	-	-	-	421	447

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31. Board and committee members

Members of boards/committees that served for all or part of the financial year, where at least one member was entitled to receive income from membership in accordance with the APS 124 B were:

Board/Committee name:	Government employee members	Other members
Audit and Risk Committee	-	Connor G (Chair), Daw S, Haslam R
Clinical Governance Group	-	Daw S (Chair), Cadzow M, Christley S, Griffin L, Glover K, Healey T(commencement date: 01/02/2023)
Consumer and Community Engagement Committee (Abolished)	-	Gray R, Griffin L, Hurrell E, Sands S
Women's and Children's Governing Board	-	Bastian J (end date: 30/06/2023), Birch J (end date: 31/01/2023), Christley S, Daw S, Glover K (end date: 30/06/2023), Haslam R (end date: 30/06/2023), Miller S, Wilson B, Dennis C(Chair) (commencement date: 01/02/2023)

Refer to note 7.2 for remuneration of board and committee members. Note board members only received income from board membership.