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## To the Board Chair Yorke and Northern Local Health Network Incorporated

### Opinion

I have audited the financial report of the Yorke and Northern Local Health Network Incorporated and the consolidated entity comprising the Yorke and Northern 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 Yorke and Northern 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
- Notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Chief Finance Officer.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Yorke and Northern 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 Yorke and Northern 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

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2023**

	Note	Consolidated		Parent	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Income</b>					
Revenues from SA Government	2	171,319	148,233	171,319	148,233
Fees and charges	3	14,676	13,253	14,676	13,253
Grants and contributions	4	31,585	30,322	31,708	30,461
Interest		578	65	496	54
Resources received free of charge	5	2,244	2,130	2,244	2,130
Net gain from disposal of non-current and other assets	7	-	3	-	3
Other revenues/income	6	1,578	2,317	1,259	2,280
<b>Total income</b>		<b>221,980</b>	<b>196,323</b>	<b>221,702</b>	<b>196,414</b>
<b>Expenses</b>					
Staff benefits expenses	8	124,017	117,069	124,017	117,069
Supplies and services	9	90,772	76,057	90,761	76,057
Depreciation and amortisation	15,16	12,069	11,200	6,777	7,017
Grants and subsidies		10	16	5	-
Borrowing costs	19	19	12	19	12
Net loss from disposal of non-current and other assets	7	147	-	35	-
Impairment loss on receivables	12.1	(125)	(89)	(125)	(89)
Other expenses	10	385	1,160	1,240	4,857
<b>Total expenses</b>		<b>227,294</b>	<b>205,425</b>	<b>222,729</b>	<b>204,923</b>
<b>Net result</b>		<b>(5,314)</b>	<b>(9,102)</b>	<b>(1,027)</b>	<b>(8,509)</b>
<b>Total comprehensive result</b>		<b>(5,314)</b>	<b>(9,102)</b>	<b>(1,027)</b>	<b>(8,509)</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.

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2023**

	Note	Consolidated		Parent	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current assets</b>					
Cash and cash equivalents	11	13,468	11,205	12,488	10,851
Receivables	12	5,065	4,569	5,012	3,436
Other financial assets	13	19,045	19,192	15,153	16,138
Inventories	14	1,085	1,001	1,085	1,001
<b>Total current assets</b>		<b>38,663</b>	<b>35,967</b>	<b>33,738</b>	<b>31,426</b>
<b>Non-current assets</b>					
Receivables	12	739	516	739	516
Property, plant and equipment	15,16	145,233	152,872	80,241	83,213
<b>Total non-current assets</b>		<b>145,972</b>	<b>153,388</b>	<b>80,980</b>	<b>83,729</b>
<b>Total assets</b>		<b>184,635</b>	<b>189,355</b>	<b>114,718</b>	<b>115,155</b>
<b>Current liabilities</b>					
Payables	18	7,836	7,993	7,832	7,993
Financial liabilities	19	567	719	567	719
Staff benefits	20	17,619	16,092	17,619	16,092
Provisions	21	959	940	959	940
Contract liabilities and other liabilities	22	14,136	14,668	14,136	14,668
<b>Total current liabilities</b>		<b>41,117</b>	<b>40,412</b>	<b>41,113</b>	<b>40,412</b>
<b>Non-current liabilities</b>					
Payables	18	700	668	700	668
Financial liabilities	19	434	478	434	478
Staff benefits	20	16,150	16,090	16,150	16,090
Provisions	21	2,287	2,446	2,287	2,446
<b>Total non-current liabilities</b>		<b>19,571</b>	<b>19,682</b>	<b>19,571</b>	<b>19,682</b>
<b>Total liabilities</b>		<b>60,688</b>	<b>60,094</b>	<b>60,684</b>	<b>60,094</b>
<b>Net assets</b>		<b>123,947</b>	<b>129,261</b>	<b>54,034</b>	<b>55,061</b>
<b>Equity</b>					
Retained earnings		95,655	100,766	54,034	55,061
Asset revaluation surplus		28,292	28,495	-	-
<b>Total equity</b>		<b>123,947</b>	<b>129,261</b>	<b>54,034</b>	<b>55,061</b>

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

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2023**

**CONSOLIDATED**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2021</b>	<b>28,495</b>	<b>100,811</b>	<b>129,306</b>
Net assets received from an administrative restructure	-	9,057	9,057
<b>Adjusted balance at 1 July 2021</b>	<b>28,495</b>	<b>109,868</b>	<b>138,363</b>
Net result for 2021-22	-	(9,102)	(9,102)
Total comprehensive result for 2021-22	-	(9,102)	(9,102)
<b>Balance at 30 June 2022</b>	<b>28,495</b>	<b>100,766</b>	<b>129,261</b>
Net result for 2022-23	-	(5,314)	(5,314)
Total comprehensive result for 2022-23	-	(5,314)	(5,314)
Transfer between equity components	(203)	203	-
<b>Balance at 30 June 2023</b>	<b>28,292</b>	<b>95,655</b>	<b>123,947</b>

**PARENT**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2021</b>	-	63,570	63,570
Net result for 2021-22	-	(8,509)	(8,509)
Total comprehensive result for 2021-22	-	(8,509)	(8,509)
<b>Balance at 30 June 2022</b>	-	55,061	55,061
Net result for 2022-23	-	(1,027)	(1,027)
Total comprehensive result for 2022-23	-	(1,027)	(1,027)
<b>Balance at 30 June 2023</b>	-	54,034	54,034

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

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year 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		145,778	123,326	145,778	123,326
Fees and charges		13,877	13,051	12,738	13,065
Grants and contributions		31,814	30,562	31,937	30,701
Interest received		220	31	217	31
Residential aged care bonds received		4,675	4,882	4,675	4,882
GST recovered from ATO		5,572	4,147	5,572	4,147
Other receipts		454	205	135	168
<b>Cash generated from operations</b>		<b>202,390</b>	<b>176,204</b>	<b>201,052</b>	<b>176,320</b>
<b>Cash outflows</b>					
Staff benefits payments		(121,769)	(116,368)	(121,769)	(116,368)
Payments for supplies and services		(69,547)	(51,325)	(69,540)	(51,325)
Payments of grants and subsidies		(10)	(16)	(5)	-
Interest paid		(19)	(12)	(19)	(12)
Residential aged care bonds refunded		(4,607)	(4,862)	(4,607)	(4,862)
Other payments		(432)	(417)	(432)	(417)
<b>Cash used in operations</b>		<b>(196,384)</b>	<b>(173,000)</b>	<b>(196,372)</b>	<b>(172,984)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>6,006</b>	<b>3,204</b>	<b>4,680</b>	<b>3,336</b>
<b>Cash flows from investing activities</b>					
<b>Cash inflows</b>					
Proceeds from sale of property, plant and equipment		113	3	(5)	3
Proceeds from sale/maturities of investments		1,070	1,643	1,013	1,467
<b>Cash generated from investing activities</b>		<b>1,183</b>	<b>1,646</b>	<b>1,008</b>	<b>1,470</b>
<b>Cash outflows</b>					
Purchase of property, plant and equipment		(3,283)	(2,261)	(3,283)	(2,261)
Purchase of investments		(875)	(240)	-	(240)
<b>Cash used in investing activities</b>		<b>(4,158)</b>	<b>(2,501)</b>	<b>(3,283)</b>	<b>(2,501)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,975)</b>	<b>(855)</b>	<b>(2,275)</b>	<b>(1,031)</b>
<b>Cash flows from financing activities</b>					
<b>Cash outflows</b>					
Repayment of lease liabilities		(768)	(729)	(768)	(729)
<b>Cash used in financing activities</b>		<b>(768)</b>	<b>(729)</b>	<b>(768)</b>	<b>(729)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(768)</b>	<b>(729)</b>	<b>(768)</b>	<b>(729)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,263</b>	<b>1,620</b>	<b>1,637</b>	<b>1,576</b>
Cash and cash equivalents at the beginning of the period		11,205	9,585	10,851	9,275
<b>Cash and cash equivalents at the end of the period</b>	11	<b>13,468</b>	<b>11,205</b>	<b>12,488</b>	<b>10,851</b>
Non-cash transactions	23				

The accompanying notes form part of these financial statements.

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2023**

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## **1. About Yorke and Northern Local Health Network**

Yorke and Northern 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 Incorporated (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements and accompanying notes include all controlled activities of the Hospital.

### *Parent Entity*

The Parent entity consists of the following:

- Balaklava Soldiers' Memorial District Hospital
- Ira Parker Nursing Home
- Booleroo Centre District Hospital and Health Services
- Burra Hospital
- Central Yorke Peninsula Hospital (Maitland)
- Clare Hospital
- Kara House
- Crystal Brook and District Hospital
- Gladstone Health Centre
- Jamestown Hospital and Health Service
- Jamestown Symonds Wing
- Laura and District Hospital
- Minlaton Health Service
- Melaleuca Court
- Orroroo and District Health Service
- Orroroo Community Home
- Peterborough Soldiers' Memorial Hospital and Health Service
- Nalya Lodge Hostel
- Port Broughton District Hospital and Health Service
- Port Pirie Regional Health Service
- Hammill House
- Riverton District Soldiers' Memorial Hospital
- Riverton Wakefield Aged Care Service
- Snowtown Hospital
- Wallaroo Hospital and Health Service
- Southern Yorke Peninsula Health Service (Yorketown)
- Yorke and Northern Region Community Health Services

### *Consolidated Entity*

The consolidated entity includes the parent entity, the Incorporated Health Advisory Councils (HACs) and the Incorporated HAC Gift Fund Trusts (GFTs) as listed in note 31.

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 (the Department) and the Chief Executive 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 31.

### *Administered items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in note 32. 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.

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2023**

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**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 Yorke and Northern region.

The Hospital is part of the SA Health portfolio providing health services for the Yorke and Northern region. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the Yorke and Northern 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 (the Minister) or Chief Executive of the Department.

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

**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 throughout 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.

**1.4 Continuity of operations**

As at 30 June 2023, the Hospital had working capital deficiency of \$2.454 million (\$4.445 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.

**1.5 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.

**1.6 Change to reporting entity**

On 27 May 2021 the Minister declared the incorporation of Port Pirie Health Service Advisory Council and Southern Flinders Health Advisory Council. These were previously unincorporated HACs with their net assets vested in Country Health Gift Fund Health Advisory Council Inc and reported as part of Barossa Hills Fleurieu Local Health Network Inc.

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2023**

The transfer of net assets from Country Health Gift Fund Health Advisory Council Inc and its associated Gift Fund Trust occurred during 2021-22. Net assets transferred in for the consolidated entity consisted of land and buildings (\$7.928 million) and the right to receive cash (\$1.129 million) for GFT bank accounts at 30 June 2022, the control of which passed to the newly incorporated entities in 2021-22 however the physical transfer of cash occurred in 2022-23.

**1.7 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	3,943	4,036	3,943	4,036
Operational funding	167,376	144,197	167,376	144,197
<b>Total revenues from SA Government</b>	<b>171,319</b>	<b>148,233</b>	<b>171,319</b>	<b>148,233</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
Patient and client fees	6,356	5,453	6,356	5,453
Fees for health services	2,052	1,742	2,052	1,742
Residential and other aged care charges	4,711	4,696	4,711	4,696
Sale of goods - medical supplies	88	114	88	114
Training revenue	7	-	7	-
Other user charges and fees	1,462	1,248	1,462	1,248
<b>Total fees and charges</b>	<b>14,676</b>	<b>13,253</b>	<b>14,676</b>	<b>13,253</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 22).

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 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. Revenue from these services and accommodation is recognised on a time basis as provided. Residents are invoiced fortnightly in arrears 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.

**YORKE AND NORTHERN LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2023**

**4. Grants and contributions**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	18,497	17,619	18,497	17,619
Commonwealth aged care subsidies	11,722	11,228	11,722	11,228
SA Government capital contributions	12	4	12	4
Other SA Government grants and contributions	494	653	624	792
Private sector capital contributions	59	49	59	49
Private sector grants and contributions	801	769	794	769
<b>Total grants and contributions</b>	<b>31,585</b>	<b>30,322</b>	<b>31,708</b>	<b>30,461</b>

The grants provided to the Hospital are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. All grants and contributions were provided for specific purposes such as aged care, community health services and other related health services and were 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
Services	2,244	2,114	2,244	2,114
Other	-	16	-	16
<b>Total resources received free of charge</b>	<b>2,244</b>	<b>2,130</b>	<b>2,244</b>	<b>2,130</b>

Other resources received free of charge includes minor equipment received from the Northern Yorke Private Hospital in 2021-22.

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 \$1.714 million (\$1.558 million), and ICT services from the Department of the Premier and Cabinet (DPC) valued at \$0.530 million (\$0.556 million).

Although not recognised, the Hospital receives volunteer services from around 130 volunteers who provide consumer and staff support services to individuals using the Hospital's services. The volunteer programs include, but are not limited to: administration (in patient surveys, preparing packs), church services, community activities, community advocacy, consumer liaison, entertainment, gardening, kiosk support, leisure & lifestyle assistance, life stories, meal deliveries, patient support, social support, transport, volunteer and driving.

**6. Other revenues/income**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Donations	409	141	91	104
Health recoveries	1,149	2,105	1,149	2,105
Other	20	71	19	71
<b>Total other revenues/income</b>	<b>1,578</b>	<b>2,317</b>	<b>1,259</b>	<b>2,280</b>

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

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Land and buildings:</b>				
Proceeds from disposal	130	-	-	-
Less carrying amount of assets disposed	(230)	-	-	-
Less other costs of disposal	(22)	-	(10)	-
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>(122)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>
<b>Plant and equipment:</b>				
Proceeds from disposal	5	3	5	3
Less carrying amount of assets disposed	(30)	-	(30)	-
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(25)</b>	<b>3</b>	<b>(25)</b>	<b>3</b>

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**Total assets:**

Total proceeds from disposal	135	3	5	3
Less total carrying amount of assets disposed	(260)	-	(30)	-
Less other costs of disposal	(22)	-	(10)	-
<b>Total net gain/(loss) from disposal of assets</b>	<b>(147)</b>	<b>3</b>	<b>(35)</b>	<b>3</b>

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

**8. Staff benefits expenses**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	99,221	94,986	99,221	94,986
Targeted voluntary separation packages	-	55	-	55
Long service leave	2,488	(221)	2,488	(221)
Annual leave	9,473	8,855	9,473	8,855
Skills and experience retention leave	494	501	494	501
Staff on-costs - superannuation*	11,606	10,505	11,606	10,505
Workers compensation	596	2,204	596	2,204
Board and committee fees	228	184	228	184
Other staff related expenses	(89)	-	(89)	-
<b>Total staff benefits expenses</b>	<b>124,017</b>	<b>117,069</b>	<b>124,017</b>	<b>117,069</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 consolidated and parent entity includes the Minister, the six members of the Governing Board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the ten (seven) 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 the 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	2,494	1,810
Post-employment benefits	280	282
Other long-term employment benefits	168	-
<b>Total</b>	<b>2,942</b>	<b>2,092</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.

**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:

	2023	2022
	No. of	No. of
	Members	Members
\$0	-	1
\$1 - \$20,000	1	1
\$20,001 - \$40,000	5	4
\$40,001 - \$60,000	-	1
\$60,001 - \$80,000	1	-
<b>Total</b>	<b>7</b>	<b>7</b>

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The total remuneration received or receivable by members was \$0.239 million (\$0.198 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, mileage, superannuation contributions, salary sacrifice benefits, fringe benefits and 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 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**

	Consolidated		Parent	
	2023 Number	2022 Number	2023 Number	2022 Number
The number of staff whose remuneration received or receivable falls within the following bands:				
\$157,001 - \$160,000*	n/a	3	n/a	3
\$160,001 - \$180,000	18	10	18	10
\$180,001 - \$200,000	2	4	2	4
\$200,001 - \$220,000	1	-	1	-
\$240,001 - \$260,000	-	1	-	1
\$260,001 - \$280,000	1	-	1	-
\$600,001 - \$620,000	-	1	-	1
\$700,001 - \$720,000**	1	-	1	-
<b>Total number of staff</b>	<b>23</b>	<b>19</b>	<b>23</b>	<b>19</b>

\* 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. \*\* The \$700,001 to \$720,000 band included termination payments to an employee who resigned during 2022-23.

**8.4 Remuneration of staff by classification**

The total remuneration received by staff included above:

	Consolidated				Parent			
	2023		2022		2023		2022	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	1	263	1	249	1	263	1	249
Medical (excluding Nursing)	1	706	1	607	1	706	1	607
Non-medical (i.e. administration)	1	180	1	173	1	180	1	173
Nursing	20	3,454	16	2,736	20	3,454	16	2,736
<b>Total</b>	<b>23</b>	<b>4,603</b>	<b>19</b>	<b>3,765</b>	<b>23</b>	<b>4,603</b>	<b>19</b>	<b>3,765</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, termination payments, salary sacrifice benefits and fringe benefits and any related fringe benefits tax.

**8.5 Targeted voluntary separation packages**

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amount paid/Payable to separated staff:				
Targeted voluntary separation packages	-	55	-	55
Leave paid/payable to separated employees	-	8	-	8
<b>Net cost to the Hospital</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>

The number of staff who received a TVSP during the reporting period	-	1	-	1
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**9. Supplies and services**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Administration	441	811	441	811
Advertising	72	77	72	77
Communication	1,179	1,246	1,179	1,246
Computing	3,311	2,642	3,311	2,642
Consultants	-	530	-	530
Contract of services	232	287	232	287
Contractors	1,290	452	1,290	452
Contractors - agency staff	14,501	8,566	14,501	8,566
Drug supplies	2,190	1,925	2,190	1,925
Electricity, gas and fuel	2,035	1,867	2,035	1,867
Fee for service	19,934	15,254	19,934	15,254
Food supplies	2,501	2,307	2,501	2,307
Hotel quarantine - accommodation costs	-	4	-	4
Housekeeping	1,690	1,616	1,690	1,616
Insurance	2,260	2,020	2,260	2,020
Internal SA Health SLA payments	7,928	7,599	7,928	7,599
Legal	62	46	62	46
Medical, surgical and laboratory supplies	13,267	12,593	13,267	12,593
Minor equipment	2,221	1,724	2,221	1,724
Motor vehicle expenses	908	980	908	980
Occupancy rent and rates	436	526	436	526
Patient transport	2,640	2,515	2,640	2,515
Postage	292	311	292	311
Printing and stationery	718	631	718	631
Repairs and maintenance	5,292	5,134	5,290	5,134
Security	78	46	78	46
Services from Shared Services SA	1,735	1,564	1,735	1,564
Short term lease expense	400	181	400	181
Training and development	542	465	542	465
Travel expenses	554	413	554	413
Other supplies and services	2,063	1,725	2,054	1,725
<b>Total supplies and services</b>	<b>90,772</b>	<b>76,057</b>	<b>90,761</b>	<b>76,057</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.

**10. Other expenses**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Debts written off	128	167	128	167
Bank fees and charges	5	4	5	4
Donated assets expense	-	70	855	3,767
Impairment expense	-	700	-	700
Other*	252	219	252	219
<b>Total other expenses</b>	<b>385</b>	<b>1,160</b>	<b>1,240</b>	<b>4,857</b>

The Hospital donated building improvements at Southern Flinders Health Service of \$0.070 million to Country Health Gift Fund HAC in 2021-22. The parent entity donated building improvements of \$0.855 million (\$3.697 million) to HACs under its control, which is eliminated on consolidation.

\* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.111 million (\$0.100 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to Galpins Accountants Auditors and Business Consultants of \$0.046 million (\$0.044 million) for HACs and aged care audit services.

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**11. Cash and cash equivalents**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	3,930	2,710	2,950	2,356
Deposits with Treasurer: general operating	8,368	7,372	8,368	7,372
Deposits with Treasurer: special purpose funds	1,170	1,123	1,170	1,123
<b>Total cash and cash equivalents</b>	<b>13,468</b>	<b>11,205</b>	<b>12,488</b>	<b>10,851</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 \$13.468 million (\$11.205 million) held, \$2.706 million (\$1.662 million) relates to aged care refundable deposits.

**12. Receivables**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Patient/client fees: compensable	148	267	148	267
Patient/client fees: aged care	1,050	913	1,050	913
Patient/client fees: other	520	448	520	448
Debtors	1,062	1,914	1,064	785
Less: impairment loss on receivables	(389)	(514)	(389)	(514)
Prepayments	286	128	286	128
Interest	340	30	277	26
Workers compensation provision recoverable	329	314	329	314
Sundry receivables and accrued revenue	1,621	972	1,629	972
GST input tax recoverable	98	97	98	97
<b>Total current receivables</b>	<b>5,065</b>	<b>4,569</b>	<b>5,012</b>	<b>3,436</b>
<b>Non-current</b>				
Debtors	41	59	41	59
Workers compensation provision recoverable	698	457	698	457
<b>Total non-current receivables</b>	<b>739</b>	<b>516</b>	<b>739</b>	<b>516</b>
<b>Total receivables</b>	<b>5,804</b>	<b>5,085</b>	<b>5,751</b>	<b>3,952</b>

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

Other than as recognised in the impairment loss on 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.

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**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 impairment loss on receivables:

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>514</b>	<b>603</b>	<b>514</b>	<b>603</b>
Increase/(Decrease) in allowance recognised in profit or loss	(125)	(89)	(125)	(89)
<b>Carrying amount at the end of the period</b>	<b>389</b>	<b>514</b>	<b>389</b>	<b>514</b>

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 29 for details regarding credit risk and the methodology for determining impairment.

**13. Other financial assets**

The consolidated and parent entities hold term deposits of \$19.045 million (\$19.192 million) and \$15.153 million (\$16.138 million) respectively. Of these deposits \$10.120 million (\$11.133 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

**14. Inventories**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Drug supplies	355	318	355	318
Medical, surgical and laboratory supplies	525	494	525	494
Food and hotel supplies	172	163	172	163
Engineering supplies	3	3	3	3
Other	30	23	30	23
<b>Total current inventories - held for distribution</b>	<b>1,085</b>	<b>1,001</b>	<b>1,085</b>	<b>1,001</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.

**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 in excess of \$5 million for infrastructure assets and \$1 million for other assets.

**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:

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<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 – 80
Right-of-use buildings	2 - 13
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

### 15.3 Revaluation

All non-current tangible assets 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 owned 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.

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. Fair value is assessed each year. There were no indications of impairment for property, plant and equipment as at 30 June 2023.

### 15.5 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.

### 15.6 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.

### 15.7 Leased property, plant and equipment

Right-of-use assets (including concessional arrangements) 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 recognised 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 including concessional. Major lease activities include the use of:

- Properties – accommodation for some community health offices and medical centres are leased from the private sector or local government and staff residential accommodation at Kadina is leased from Housing SA. 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.

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- 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. The Hospital has not entered into any sub-lease arrangements outside of SA Health.

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

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**16. 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>10,818</b>	<b>134,553</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>152,872</b>
Additions	-	-	-	3,093	313	30	572	682	4,690
Disposals	(32)	(198)	-	-	-	(30)	-	-	(260)
Transfers between asset classes	-	1,098	-	(1,133)	142	-	-	(107)	-
<b>Subtotal:</b>	<b>10,786</b>	<b>135,453</b>	<b>304</b>	<b>5,372</b>	<b>1,820</b>	<b>874</b>	<b>1,453</b>	<b>1,240</b>	<b>157,302</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(10,465)	(169)	-	(636)	(203)	(596)	-	(12,069)
<b>Subtotal:</b>	<b>-</b>	<b>(10,465)</b>	<b>(169)</b>	<b>-</b>	<b>(636)</b>	<b>(203)</b>	<b>(596)</b>	<b>-</b>	<b>(12,069)</b>
<b>Carrying amount at the end of the period*</b>	<b>10,786</b>	<b>124,988</b>	<b>135</b>	<b>5,372</b>	<b>1,184</b>	<b>671</b>	<b>857</b>	<b>1,240</b>	<b>145,233</b>
<b>Gross carrying amount</b>									
Gross carrying amount	10,786	166,115	740	5,372	4,320	1,422	1,840	1,240	191,835
Accumulated depreciation / amortisation	-	(41,127)	(605)	-	(3,136)	(751)	(983)	-	(46,602)
<b>Carrying amount at the end of the period</b>	<b>10,786</b>	<b>124,988</b>	<b>135</b>	<b>5,372</b>	<b>1,184</b>	<b>671</b>	<b>857</b>	<b>1,240</b>	<b>145,233</b>

\*All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 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>10,313</b>	<b>132,789</b>	<b>420</b>	<b>4,409</b>	<b>1,890</b>	<b>893</b>	<b>885</b>	<b>75</b>	<b>151,674</b>
Additions	-	-	41	3,100	59	-	567	773	4,540
Disposals	-	-	-	-	-	-	(2)	-	(2)
Donated assets disposal	-	-	-	(70)	-	-	-	-	(70)
Acquisition / (disposal) through administrative restructuring	505	7,423	-	-	-	-	-	-	7,928
Transfers between asset classes	-	3,961	-	(4,027)	69	180	-	(183)	-
Remeasurement	-	-	2	-	-	-	-	-	2
<b>Subtotal:</b>	<b>10,818</b>	<b>144,173</b>	<b>463</b>	<b>3,412</b>	<b>2,018</b>	<b>1,073</b>	<b>1,450</b>	<b>665</b>	<b>164,072</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(9,620)	(159)	-	(653)	(199)	(569)	-	(11,200)
<b>Subtotal:</b>	<b>-</b>	<b>(9,620)</b>	<b>(159)</b>	<b>-</b>	<b>(653)</b>	<b>(199)</b>	<b>(569)</b>	<b>-</b>	<b>(11,200)</b>
<b>Carrying amount at the end of the period*</b>	<b>10,818</b>	<b>134,553</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>152,872</b>
<b>Gross carrying amount</b>									
Gross carrying amount	10,818	165,263	740	3,412	3,892	1,427	1,789	665	188,006
Accumulated depreciation / amortisation	-	(30,710)	(436)	-	(2,527)	(553)	(908)	-	(35,134)
<b>Carrying amount at the end of the period</b>	<b>10,818</b>	<b>134,553</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>152,872</b>

\*All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 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>	<b>5,675</b>	<b>70,037</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>83,213</b>
Additions	-	-	-	3,093	313	30	572	682	4,690
Disposals	-	-	-	-	-	(30)	-	-	(30)
Donated assets disposal	-	-	-	(855)	-	-	-	-	(855)
Transfers between asset classes	-	243	-	(278)	142	-	-	(107)	-
<b>Subtotal:</b>	<b>5,675</b>	<b>70,280</b>	<b>304</b>	<b>5,372</b>	<b>1,820</b>	<b>874</b>	<b>1,453</b>	<b>1,240</b>	<b>87,018</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(5,173)	(169)	-	(636)	(203)	(596)	-	(6,777)
<b>Subtotal:</b>	<b>-</b>	<b>(5,173)</b>	<b>(169)</b>	<b>-</b>	<b>(636)</b>	<b>(203)</b>	<b>(596)</b>	<b>-</b>	<b>(6,777)</b>
<b>Carrying amount at the end of the period*</b>	<b>5,675</b>	<b>65,107</b>	<b>135</b>	<b>5,372</b>	<b>1,184</b>	<b>671</b>	<b>857</b>	<b>1,240</b>	<b>80,241</b>
<b>Gross carrying amount</b>									
Gross carrying amount	5,675	85,307	740	5,372	4,320	1,422	1,840	1,240	105,916
Accumulated depreciation / amortisation	-	(20,200)	(605)	-	(3,136)	(751)	(983)	-	(25,675)
<b>Carrying amount at the end of the period</b>	<b>5,675</b>	<b>65,107</b>	<b>135</b>	<b>5,372</b>	<b>1,184</b>	<b>671</b>	<b>857</b>	<b>1,240</b>	<b>80,241</b>

\*All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 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>	5,675	75,210	420	4,409	1,890	893	885	75	89,457
Additions	-	-	41	3,100	59	-	567	773	4,540
Disposals	-	-	-	-	-	-	(2)	-	(2)
Donated assets disposal	-	-	-	(3,767)	-	-	-	-	(3,767)
Transfers between asset classes	-	264	-	(330)	69	180	-	(183)	-
Remeasurement	-	-	2	-	-	-	-	-	2
<b>Subtotal:</b>	<b>5,675</b>	<b>75,474</b>	<b>463</b>	<b>3,412</b>	<b>2,018</b>	<b>1,073</b>	<b>1,450</b>	<b>665</b>	<b>90,230</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation and amortisation	-	(5,437)	(159)	-	(653)	(199)	(569)	-	(7,017)
<b>Subtotal:</b>	<b>-</b>	<b>(5,437)</b>	<b>(159)</b>	<b>-</b>	<b>(653)</b>	<b>(199)</b>	<b>(569)</b>	<b>-</b>	<b>(7,017)</b>
<b>Carrying amount at the end of the period*</b>	<b>5,675</b>	<b>70,037</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>83,213</b>
<b>Gross carrying amount</b>									
Gross carrying amount	5,675	85,065	740	3,412	3,892	1,427	1,789	665	102,665
Accumulated depreciation / amortisation	-	(15,028)	(436)	-	(2,527)	(553)	(908)	-	(19,452)
<b>Carrying amount at the end of the period</b>	<b>5,675</b>	<b>70,037</b>	<b>304</b>	<b>3,412</b>	<b>1,365</b>	<b>874</b>	<b>881</b>	<b>665</b>	<b>83,213</b>

\*All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is 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 \$1.5 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 and 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 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 2021, the Hospital had no valuations categorised into Level 1 or 2.

**17.2 Valuation techniques and inputs**

Due to the predominantly specialised nature of health service assets, the majority of land and 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.

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.

**18. Payables**

	Consolidated		Parent	
	2023	2022	2023	2022
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Creditors and accrued expenses	5,299	6,250	5,295	6,250
Paid Parental Leave Scheme	60	28	60	28
Staff on-costs*	2,385	1,612	2,385	1,612
Other payables	92	103	92	103
<b>Total current payables</b>	<b>7,836</b>	<b>7,993</b>	<b>7,832</b>	<b>7,993</b>
<b>Non-current</b>				
Staff on-costs*	700	668	700	668
<b>Total non-current payables</b>	<b>700</b>	<b>668</b>	<b>700</b>	<b>668</b>
<b>Total payables</b>	<b>8,536</b>	<b>8,661</b>	<b>8,532</b>	<b>8,661</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 the DTF, the portion of long service leave taken as leave is unchanged 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 employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff benefits expenses and the staff on-oncost liability of \$0.088 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

Refer to note 29 for information on risk management.

## 19. Financial liabilities

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Lease liabilities	567	719	567	719
<b>Total current financial liabilities</b>	<b>567</b>	<b>719</b>	<b>567</b>	<b>719</b>
<b>Non-current</b>				
Lease liabilities	434	478	434	478
<b>Total non-current financial liabilities</b>	<b>434</b>	<b>478</b>	<b>434</b>	<b>478</b>
<b>Total financial liabilities</b>	<b>1,001</b>	<b>1,197</b>	<b>1,001</b>	<b>1,197</b>

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. Borrowing costs of \$0.019 million (\$0.012 million) relate to interest on lease liabilities. There were no defaults or breaches on any of the above liabilities throughout the year.

Refer to note 29 for information on risk management.

Refer to notes 15 and 16 for details about the right-of-use assets (including depreciation).

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

The Hospital has one concessional lease arrangement for right-of-use assets as lessee with the Department for Education.

Right-of-use asset	Nature of arrangements	Details
Buildings and improvements	Term is for 13 years (expiring September 2023) Payments are \$1 per annum	Concessional building arrangement is for the use of premises at Clare for community health services

### 19.2 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	1,025	1,195	1,025	1,195
3 to 5 years	3	37	3	37
<b>Total lease liabilities (undiscounted)</b>	<b>1,028</b>	<b>1,232</b>	<b>1,028</b>	<b>1,232</b>

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**20. 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	4,293	3,636	4,293	3,636
Annual leave	10,976	10,071	10,976	10,071
Long service leave	1,460	1,424	1,460	1,424
Skills and experience retention leave	841	933	841	933
Other	49	28	49	28
<b>Total current staff benefits</b>	<b>17,619</b>	<b>16,092</b>	<b>17,619</b>	<b>16,092</b>
<b>Non-current</b>				
Long service leave	16,150	16,090	16,150	16,090
<b>Total non-current staff benefits</b>	<b>16,150</b>	<b>16,090</b>	<b>16,150</b>	<b>16,090</b>
<b>Total staff benefits</b>	<b>33,769</b>	<b>32,182</b>	<b>33,769</b>	<b>32,182</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.

**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 a increase in the employee staff benefits liability and employee benefits expenses of \$0.058 million for the current financial year. The impacts 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 employees is estimated to be less than the annual entitlement for sick leave.

**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 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 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 staff departures and periods of service. These assumptions are based on staff 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 4.00%. 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 \$0.275 million, Payables (staff on-costs) of \$0.012 million and staff benefits expense of \$0.287 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

The split of 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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**21. 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	3,386	1,979	3,386	1,979
Increase/(decrease) in provisions recognised	(18)	1,682	(18)	1,682
Reductions arising from payments/other sacrifices of future economic benefits	(122)	(275)	(122)	(275)
<b>Carrying amount at the end of the period</b>	<b>3,246</b>	<b>3,386</b>	<b>3,246</b>	<b>3,386</b>

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 of Public Sector Employment.

The additional compensation scheme 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 claims 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.

**22. Contract liabilities and other liabilities**

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Contract liabilities	1,114	1,848	1,114	1,848
Residential aged care bonds	13,006	12,796	13,006	12,796
Other	16	24	16	24
<b>Total contract liabilities and other liabilities</b>	<b>14,136</b>	<b>14,668</b>	<b>14,136</b>	<b>14,668</b>

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.

A contract liability is recognised for revenue relating to home care assistance, training programs 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.

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**23. 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	13,468	11,205	12,488	10,851
<b>Cash as per Statement of Financial Position</b>	<b>13,468</b>	<b>11,205</b>	<b>12,488</b>	<b>10,851</b>
<b>Balance as per Statement of Cash Flows</b>	<b>13,468</b>	<b>11,205</b>	<b>12,488</b>	<b>10,851</b>
<b>Reconciliation of net cash provided by operating activities to net result:</b>				
Net cash provided by (used in) operating activities	6,006	3,204	4,680	3,336
<b>Add/less non-cash items</b>				
Asset donated free of charge	-	(70)	(855)	(3,767)
Capital revenues	818	1,789	818	1,789
Depreciation and amortisation expense of non-current assets	(12,069)	(11,200)	(6,777)	(7,017)
Gain/(loss) on sale or disposal of non-current assets	(147)	3	(35)	3
Impairment of non-current assets	-	(700)	-	(700)
Interest credited directly to investments	48	19	28	7
<b>Movement in assets/liabilities</b>				
Increase/(decrease) in inventories	84	71	84	71
Increase/(decrease) in receivables	719	(146)	1,799	(159)
(Increase)/decrease in other liabilities	532	588	532	588
(Increase)/decrease in payables and provisions	282	(3,520)	286	(3,520)
(Increase)/decrease in staff benefits	(1,587)	860	(1,587)	860
<b>Net result</b>	<b>(5,314)</b>	<b>(9,102)</b>	<b>(1,027)</b>	<b>(8,509)</b>

Total cash outflows for leases is \$0.788 million (\$0.741 million).

**24. Unrecognised contractual commitments**

**24.1 Contractual commitments to acquire property, plant and equipment**

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Within one year	4,187	1,681	4,187	1,681
<b>Total contractual commitments to acquire property, plant and equipment</b>	<b>4,187</b>	<b>1,681</b>	<b>4,187</b>	<b>1,681</b>

The Hospital's contractual commitments to acquire property, plant and equipment largely related to upgrades at Ira Parker Nursing Home, in addition to Wallaroo, Laura and Booleroo Hospitals.

**24.2 Other contractual commitments**

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Within one year	3,571	3,028	3,571	3,028
Later than one year but not longer than five years	166	164	166	164
<b>Total other contractual commitments</b>	<b>3,737</b>	<b>3,192</b>	<b>3,737</b>	<b>3,192</b>

The Hospital's other contractual 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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**25. 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 consolidated entity cannot use these funds to achieve its objectives.

	2023	2022
	\$'000	\$'000
<b>Carry amount at the beginning of period</b>	<b>44</b>	<b>46</b>
Client trust receipts	170	247
Client trust payments	(170)	(250)
<b>Carrying amount at the end of the period</b>	<b>44</b>	<b>43</b>

**26. 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.

**27. 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.

**28. Impact of Standards not yet implemented**

The Hospital is assessing the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and does not expect these to have a material impact on the Hospital's financial statements.

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

**29.1 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 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 1.4, 18 and 19 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 12 and 13 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. The Hospital's residential aged care refundable deposits become interest bearing once a refunding event occurs as per Note 22. There is no exposure to foreign currency or other price risks.

**29.2 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 the respective financial asset / financial liability note.

Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised cost are \$4.417 million (\$4.020 million) and \$5.235 million (\$6.208 million) respectively.

**29.3 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.

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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 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:

**CONSOLIDATED and PARENT**

	Expected credit loss rate(s) %	30 June 2023		Expected credit loss rate(s) %	30 June 2022	
		Gross carrying amount \$'000	Expected credit losses \$'000		Gross carrying amount \$'000	Expected credit losses \$'000
<b>Days past due</b>						
Current	0.4 - 3.8%	1,057	20	0.3 - 3.4%	739	17
<30 days	1.3 - 4.4%	268	11	1.1 - 3.9%	284	10
31-60 days	3.6 - 9.1%	106	6	3.0 - 8.2%	106	6
61-90 days	5.7 - 14.9%	46	4	4.8 - 13.6%	70	7
91-120 days	6.6 - 18.5%	43	5	6.2 - 16.8%	70	8
121-180 days	8.3 - 23.2%	63	7	7.8 - 21.3%	160	18
181-360 days	14.4 - 54.5%	145	34	14.5 - 51.8%	188	45
361-540 days	19.9 - 90.4%	94	31	20.1 - 88.1%	176	57
>540 days	25.5 - 100%	664	271	24.3 - 100%	846	346
<b>Total</b>		<b>2,486</b>	<b>389</b>		<b>2,639</b>	<b>514</b>

**30. 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 \$0.686 million (\$1.785 million) to the Hospital. In 2021-22 the Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$0.534 million (note 9), no expenditure occurred in 2022-23.

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**31. 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 associated 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 HACs have no powers to direct or make decisions with respect to the management and administration of the Hospital.

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 and the individual HAC.

<b>Health Advisory Councils and associated Gift Fund Trusts</b>		
Balaklava Riverton Health Advisory Council Inc	Lower North Health Advisory Council Inc	Mid North Health Advisory Council Inc
Northern Yorke Peninsula Health Advisory Council Inc	Port Broughton District Health Advisory Council Inc	Yorke Peninsula Health Advisory Council Inc
Port Pirie Health Service Advisory Council Inc**	Southern Flinders Health Advisory Council Inc**	
Balaklava Riverton Health Advisory Council Inc Gift Fund Trust	Lower North Health Advisory Council Inc Gift Fund Trust	Mid North Health Advisory Council Inc Gift Fund Trust
Northern Yorke Peninsula Health Advisory Council Inc Gift Fund Trust	Port Broughton District Health Advisory Council Inc Gift Fund Trust	Yorke Peninsula Health Advisory Council Inc Gift Fund Trust
Port Pirie Health Service Health Advisory Council Inc Gift Fund Trust**	Southern Flinders Health Advisory Council Inc Gift Fund Trust**	

\*\*The control of the net assets of these entities were transferred to the Hospital during 2021-22 (refer to Note 1.6).

**32. Administered items**

The Hospital administers arrangements at the Booleroo Medical Centre. Fees and charges are collected on behalf of doctors who work in the Hospital-owned medical centre. The Hospital cannot use these administered funds for the achievement of its objectives.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Other expenses	(685)	(623)
Revenue from fees and charges	685	623
<b>Net result</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents	55	25
Payables	(55)	(25)
<b>Net assets</b>	<b>-</b>	<b>-</b>
Cash at 1 July	25	56
Cash inflows	685	623
Cash outflows	(655)	(654)
<b>Cash at 30 June</b>	<b>55</b>	<b>25</b>

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**33. Board and committee members**

Members of boards/committees who 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>
Yorke and Northern Local Health Network Governing Board	1	Voumard J (Chair), Badenoch J, Banham D, Coulthard G, Malcolm E, O'Connor J
Yorke and Northern Local Health Network Audit and Risk Committee	-	Voumard J (Chair), Banham D, Traeger E, O'Connor J

Refer to note 8.2 for remuneration of board and committee members

**Certification of the financial statements  
Yorke and Northern Local Health Network**

We certify that the:

- financial statements of the Yorke and Northern 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 Yorke and Northern Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



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John Voumard  
Board Chair



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Roger Kirchner  
Chief Executive Officer



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Vincent Bellifemini  
Chief Finance Officer

Date 13/09/2023.....