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## To the Governing Board Chair Southern Adelaide Local Health Network Incorporated

### Qualified opinion

I have audited the financial report of the Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2024.

In my opinion, except for the effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Southern Adelaide Local Health Network Incorporated as at 30 June 2024, 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 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Governing Board Chair, the Chief Executive Officer and the Chief Finance Officer.

### Basis for qualified opinion

#### *Procurement reporting disclosure*

The Southern Adelaide Local Health Network Incorporated was required by the Treasurer's Instructions (Accounting Policy Statements) to include a disclosure reporting the value of procurement with South Australian and non-South Australian businesses for 2023-24.

This requirement uses a framework established by the Treasurer's Instructions (Accounting Policy Statements) and definitions within Treasurer's Instruction 18 *Procurement*.

The Southern Adelaide Local Health Network Incorporated included that disclosure in note 8.1 to the financial report.

My review of the processes used by the Southern Adelaide Local Health Network Incorporated identified that it did not have an effective process to meet the requirements of the framework which has been established for procurement reporting under the Treasurer's Instructions.

As such, I am not able to obtain sufficient audit evidence for the amounts disclosed in note 8.1.

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

### **Responsibilities of the Chief Executive Officer and the Governing 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 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 Governing 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 Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern Adelaide Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- 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 Governing 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 Blaskett  
**Auditor-General**

23 September 2024

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2024**

|  | Note  | 2024<br>\$'000   | 2023<br>\$'000   |
|--|-------|------------------|------------------|
| <b>Income</b>  |       |                  |                  |
| Revenues from SA Government  | 2     | 1,473,355        | 1,327,331        |
| Fees and charges   | 3     | 78,593           | 68,558           |
| Grants and contributions   | 4     | 6,236            | 6,025            |
| Interest   | 12    | 671              | 342              |
| Resources received free of charge                                  | 5     | 7,839            | 7,439            |
| Other revenues/income  | 6     | 25,158           | 23,375           |
| <b>Total income</b>  |       | <b>1,591,852</b> | <b>1,433,070</b> |
| <b>Expenses</b>  |       |                  |                  |
| Staff related expenses   | 7     | 1,009,568        | 941,040          |
| Supplies and services  | 8     | 534,150          | 472,184          |
| Depreciation and amortisation                                      | 16,17 | 46,604           | 45,371           |
| Grants and subsidies   | 9     | 3,412            | 451              |
| Borrowing costs  | 20    | 127              | 128              |
| Net loss from disposal of non-current and other assets             | 11    | 6,063            | 137              |
| Impairment loss on receivables                                     | 13.1  | 67               | (263)            |
| Other expenses   | 10    | 2,732            | 1,060            |
| <b>Total expenses</b>  |       | <b>1,602,723</b> | <b>1,460,108</b> |
| <b>Net result</b>  |       | <b>(10,871)</b>  | <b>(27,038)</b>  |
| <b>Other Comprehensive Income</b>                                  |       |                  |                  |
| <b>Items that will not be reclassified to net result</b>           |       |                  |                  |
| Changes in property, plant and equipment asset revaluation surplus |       | 270,889          | -                |
| <b>Total other comprehensive income</b>                            |       | <b>270,889</b>   | <b>-</b>         |
| <b>Total comprehensive result</b>                                  |       | <b>260,018</b>   | <b>(27,038)</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.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2024**

|  | Note  | 2024<br>\$'000   | 2023<br>\$'000 |
|--|-------|------------------|----------------|
| <b>Current assets</b>                      |       |                  |                |
| Cash and cash equivalents                  | 12    | 28,986           | 24,799         |
| Receivables                                | 13    | 31,738           | 26,314         |
| Inventories                                | 15    | 4,677            | 4,575          |
| <b>Total current assets</b>                |       | <b>65,401</b>    | <b>55,688</b>  |
| <b>Non-current assets</b>                  |       |                  |                |
| Receivables                                | 13    | 7,698            | 8,345          |
| Other financial assets                     | 14    | 1,377            | 1,374          |
| Property, plant and equipment              | 16,17 | 1,037,144        | 753,785        |
| Intangible assets                          | 16.5  | 1                | 8              |
| <b>Total non-current assets</b>            |       | <b>1,046,220</b> | <b>763,512</b> |
| <b>Total assets</b>                        |       | <b>1,111,621</b> | <b>819,200</b> |
| <b>Current liabilities</b>                 |       |                  |                |
| Payables                                   | 19    | 44,986           | 40,035         |
| Financial liabilities                      | 20    | 1,215            | 1,328          |
| Staff related liabilities                  | 21    | 173,500          | 157,489        |
| Provisions                                 | 22    | 7,685            | 7,084          |
| Contract liabilities and other liabilities | 23    | 487              | 861            |
| <b>Total current liabilities</b>           |       | <b>227,873</b>   | <b>206,797</b> |
| <b>Non-current liabilities</b>             |       |                  |                |
| Payables                                   | 19    | 57               | 57             |
| Financial liabilities                      | 20    | 4,873            | 5,264          |
| Staff related liabilities                  | 21    | 154,682          | 140,591        |
| Provisions                                 | 22    | 35,271           | 37,956         |
| <b>Total non-current liabilities</b>       |       | <b>194,883</b>   | <b>183,868</b> |
| <b>Total liabilities</b>                   |       | <b>422,756</b>   | <b>390,665</b> |
| <b>Net assets</b>                          |       | <b>688,865</b>   | <b>428,535</b> |
| <b>Equity</b>                              |       |                  |                |
| Retained earnings                          |       | 347,331          | 344,905        |
| Asset revaluation surplus                  |       | 341,534          | 83,630         |
| <b>Total equity</b>                        |       | <b>688,865</b>   | <b>428,535</b> |

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

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK  
STATEMENT OF CHANGES IN EQUITY  
For the year ended 30 June 2024**

|   | Asset<br>revaluation<br>surplus<br>\$ '000 | Retained<br>earnings<br>\$ '000 | Total<br>equity<br>\$ '000 |
|---|--|---------------------------------|----------------------------|
| <b>Balance at 30 June 2022</b>  | <b>83,630</b>                              | <b>373,347</b>                  | <b>456,977</b>             |
| Error Correction  | -  | (1,404)                         | (1,404)                    |
| <b>Restated balance at 30 June 2022</b>                                 | <b>83,630</b>                              | <b>371,943</b>                  | <b>455,573</b>             |
| Restated net result for 2022-23   | -  | (27,038)                        | (27,038)                   |
| <b>Total comprehensive result for 2022-23</b>                           | <b>-</b>                                   | <b>(27,038)</b>                 | <b>(27,038)</b>            |
| <b>Balance at 30 June 2023</b>  | <b>83,630</b>                              | <b>344,905</b>                  | <b>428,535</b>             |
| Net result for 2023-24  | -  | (10,871)                        | (10,871)                   |
| Gain/(loss) on revaluation of land and buildings                        | 270,889                                    | -                               | 270,889                    |
| <b>Total comprehensive result for 2023-24</b>                           | <b>270,889</b>                             | <b>(10,871)</b>                 | <b>260,018</b>             |
| Transfer between equity components                                      | (12,985)                                   | 12,985                          | -                          |
| Net assets transferred out as a result of an administrative restructure | -  | 312                             | 312                        |
| <b>Balance at 30 June 2024</b>  | <b>341,534</b>                             | <b>347,331</b>                  | <b>688,865</b>             |

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

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2024**

|   | 2024                    | 2023               |
|---|-------------------------|--------------------|
| Note  | \$'000                  | \$'000             |
| <b>Cash flows from operating activities</b>                 |                         |                    |
| <b>Cash inflows</b>   |                         |                    |
| Receipts from SA Government                                 | 1,239,401               | 1,140,861          |
| Fees and charges  | 73,361                  | 65,737             |
| Grants and contributions                                    | 6,725                   | 8,621              |
| Interest received   | 671                     | 342                |
| GST recovered from ATO                                      | 23,933                  | 19,999             |
| Other receipts  | 12,895                  | 11,618             |
| <b>Cash generated from operations</b>                       | <u>1,356,986</u>        | <u>1,247,178</u>   |
| <b>Cash outflows</b>  |                         |                    |
| Staff benefits payments                                     | (979,831)               | (914,161)          |
| Payments for supplies and services                          | (348,789)               | (314,255)          |
| Payments of grants and subsidies                            | (3,419)                 | (468)              |
| Interest paid   | (127)                   | (128)              |
| Other payments  | (1,352)                 | (1,157)            |
| <b>Cash used in operations</b>                              | <u>(1,333,518)</u>      | <u>(1,230,169)</u> |
| <b>Net cash provided by/(used in) operating activities</b>  | <u>23,468</u>           | <u>17,009</u>      |
| <b>Cash flows from investing activities</b>                 |                         |                    |
| <b>Cash inflows</b>   |                         |                    |
| Proceeds from sale of property, plant and equipment         | -                       | 53                 |
| <b>Cash generated from investing activities</b>             | <u>-</u>                | <u>53</u>          |
| <b>Cash outflows</b>  |                         |                    |
| Purchase of property, plant and equipment                   | (17,806)                | (7,939)            |
| <b>Cash used in investing activities</b>                    | <u>(17,806)</u>         | <u>(7,939)</u>     |
| <b>Net cash provided by/(used in) investing activities</b>  | <u>(17,806)</u>         | <u>(7,886)</u>     |
| <b>Cash flows from financing activities</b>                 |                         |                    |
| <b>Cash outflows</b>  |                         |                    |
| Repayment of lease liabilities                              | (1,475)                 | (1,790)            |
| <b>Cash used in financing activities</b>                    | <u>(1,475)</u>          | <u>(1,790)</u>     |
| <b>Net cash provided by/(used in) financing activities</b>  | <u>(1,475)</u>          | <u>(1,790)</u>     |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <u>4,187</u>            | <u>7,333</u>       |
| Cash and cash equivalents at the beginning of the period    | 24,799                  | 17,466             |
| <b>Cash and cash equivalents at the end of the period</b>   | <u>12</u> <u>28,986</u> | <u>24,799</u>      |
| Non-cash transactions                                       | 24                      |                    |

The accompanying notes form part of these financial statements.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

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## **1. About Southern Adelaide Local Health Network**

The Southern Adelaide Local Health Network (the Hospital) is a not-for-profit incorporated hospital established under the *Health Care Act 2008*. The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity. It does have an interest in an unconsolidated structured entity (Flinders Fertility). Information on the Hospital's interests in other entities is at note 32.

### Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements (note 34). 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 Southern Adelaide, including those managed on a State-wide basis. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health, palliative care and other community health services to veterans and other persons living within the Southern Adelaide metropolitan area and statewide as appropriate.

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 the 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.

Material accounting policies are set out below/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.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

**1.4 Continuity of Operations**

As at 30 June, the Hospital had a working capital deficiency of \$162.472 million (\$151.109 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.

**1.6 Administrative restructures**

**2023-24**

On 4 September 2023 the Minister announced steps to work towards establishing Preventive Health SA, a new agency bringing together Wellbeing SA and parts of Drug and Alcohol Services SA (DASSA). As a result of administrative arrangements outlined in the Chief Executive agreement, effective 24 February 2024, governance of non-clinical DASSA services previously undertaken by the Hospital were transferred to Wellbeing SA, now Preventive Health SA. Net liabilities of \$0.312 million were transferred out of the Hospital, consisting of staff related liabilities (\$0.334 million) less receivables (\$0.022 million). This included the transfer of 14 staff. The Hospital paid \$2.746 million to Preventive Health SA for expenditure incurred from 24 February to 30 June 2024 (refer note 9).

**2022-23**

There were no transfers during this period.

**1.7 Prior period error correction**

During 2023-24 the Hospital completed a review and reconciliation of accounting treatment for the Hospital's investment in Flinders Fertility. Carrying amount of the joint venture asset was overstated by the value of undistributed accumulated losses, this resulted in a prior period adjustment to other financial assets and equity of \$1.227 million. The 2022-23 net result has been adjusted to recognise the Hospital's share of Flinders Fertility's profit for the period.

|  | 2023 reported<br>\$'000 | Prior period adjustment<br>\$'000 | 2023 restated<br>\$'000 |
|--|-------------------------|-----------------------------------|-------------------------|
| Other revenues/income                  | 23,198                  | 177                               | 23,375                  |
| Net result                             | (27,215)                | 177                               | (27,038)                |
| Other financial assets (joint venture) | 2,601                   | (1,227)                           | 1,374                   |
| Retained earnings                      | 346,132                 | (1,227)                           | 344,905                 |

Refer to notes 6, 14 and 32

**1.8 Change in accounting policy**

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

**2. Revenues from SA Government**

|  | 2024<br>\$'000   | 2023<br>\$'000   |
|--|------------------|------------------|
| Operational funding  | 1,410,771        | 1,291,654        |
| Capital projects funding                                       | 62,584           | 35,677           |
| <b>Total revenues from Department for Health and Wellbeing</b> | <b>1,473,355</b> | <b>1,327,331</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 revenues when the Hospital obtains control over the funding. Control over the funding is normally obtained upon receipt.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

**3. Fees and charges**

|                                  | 2024<br>\$'000 | 2023<br>\$'000 |
|----------------------------------|----------------|----------------|
| Car parking revenue              | 7,303          | 4,617          |
| Commissions revenue              | 11             | 12             |
| Fees for health services         | 12,585         | 13,149         |
| Fines, fees and penalties        | 20             | 17             |
| Patient and client fees          | 51,613         | 44,944         |
| Private practice fees            | 3,114          | 2,804          |
| Sale of goods - medical supplies | 491            | 497            |
| Training revenue                 | 168            | 153            |
| Other user charges and fees      | 3,288          | 2,365          |
| <b>Total fees and charges</b>    | <b>78,593</b>  | <b>68,558</b>  |

The Hospital measures revenue based on the consideration specified in a major 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.

All revenue from fees and charges is revenue recognised from contracts with customers except for fines, fees and penalties.

| Contracts with Customers disaggregated by pattern of revenue recognition and type of customer | 2024<br>\$'000                                | 2024<br>\$'000                                   | 2023<br>\$'000                                | 2023<br>\$'000                                   |
|---|---|--|---|--|
|   | Goods/Services transferred at a point in time | Goods/Services transferred over a period of time | Goods/Services transferred at a point in time | Goods/Services transferred over a period of time |
| Car parking revenue   | 4,119   | 3,184  | 3,758   | 859  |
| Commissions revenue   | 11  | -  | 12  | -  |
| Patient and client fees   | 44,660  | -  | 35,936  | -  |
| Private practice fees   | 3,114   | -  | 2,804   | -  |
| Fees for health services  | 12,067  | -  | 11,092  | -  |
| Sale of goods - medical supplies  | 100   | -  | 94  | -  |
| Training revenue  | 154   | -  | 85  | -  |
| Other user charges and fees   | 2,914   | -  | 1,962   | -  |
| <b>Total contracts with external customers</b>  | <b>67,139</b>                                 | <b>3,184</b>                                     | <b>55,743</b>                                 | <b>859</b>                                       |
| Patient and client fees   | 6,953   | -  | 9,008   | -  |
| Fees for health services  | 518   | -  | 2,057   | -  |
| Sale of goods - medical supplies  | 391   | -  | 403   | -  |
| Training revenue  | 14  | -  | 68  | -  |
| Other user charges and fees   | 374   | -  | 403   | -  |
| <b>Total contracts with SA Government customers</b>   | <b>8,250</b>                                  | <b>-</b>   | <b>11,939</b>                                 | <b>-</b>   |
| <b>Total contracts with customers</b>   | <b>75,389</b>                                 | <b>3,184</b>                                     | <b>67,682</b>                                 | <b>859</b>                                       |

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 23). 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 13).

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.

*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 accounts receivable.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

*Private practice fees*

SA Health allows SA Health 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 in SA Health sites. Fees derived from undertaking private practice is 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 specialists private practice. SA Health 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*

The Hospital provides access to car parks directly to staff, patients and visitors. 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. The Hospital also provides weekly, fortnightly and monthly car park passes to doctors, nurses and other staff.

**4. Grants and contributions**

|  | 2024<br>\$'000 | 2023<br>\$'000 |
|--|----------------|----------------|
| Commonwealth grants and donations              | 1,803          | 1,789          |
| Other SA Government grants and contributions   | 1,117          | 949            |
| Private sector capital contributions           | 813            | 464            |
| <b>Private sector grants and contributions</b> | <b>2,503</b>   | <b>2,823</b>   |
| <b>Total grants and contributions</b>          | <b>6,236</b>   | <b>6,025</b>   |

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

Of the \$6.236 million (\$6.025 million) total grants and contributions, \$1.998 million (\$1.641 million) was provided for specific purposes, such as research and associated activities.

**5. Resources received free of charge**

|  | 2024<br>\$'000 | 2023<br>\$'000 |
|--|----------------|----------------|
| Buildings and improvements                     | -              | 502            |
| Services                                       | 7,839          | 6,937          |
| <b>Total resources received free of charge</b> | <b>7,839</b>   | <b>7,439</b>   |

Contribution of services are recognised only when the 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 \$5.701 million (\$5.462 million) and ICT services valued at \$2.138 million (\$1.475 million) from Department of the Premier and Cabinet.

In addition, although not recognised the Hospital received volunteer services from the Volunteer Service for Flinders Medical Centre Inc. There are several hundred volunteers who provide patient and employee support services to individuals using Hospital's services. The services include but are not limited to: childcare, respite care, transport, therapeutic activities, patient liaison gift shop support, kiosk support and café support.

**6. Other revenues/income**

|                                   | 2024<br>\$'000 | 2023<br>\$'000 |
|-----------------------------------|----------------|----------------|
| Donations                         | 2              | 8              |
| Health recoveries                 | 12,760         | 11,729         |
| Other                             | 12,396         | 11,638         |
| <b>Total other income/revenue</b> | <b>25,158</b>  | <b>23,375</b>  |

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**7. Staff related expenses**

|                                       | 2024             | 2023           |
|---------------------------------------|------------------|----------------|
|                                       | \$'000           | \$'000         |
| Salaries and wages                    | 790,647          | 742,529        |
| Long service leave                    | 30,162           | 18,659         |
| Annual leave                          | 81,787           | 76,824         |
| Skills and experience retention leave | 3,737            | 3,489          |
| Staff on-costs - superannuation*      | 95,336           | 85,249         |
| Workers compensation                  | 6,029            | 11,898         |
| Board and committee fees              | 386              | 325            |
| Other staff related expenses          | 1,484            | 2,067          |
| <b>Total staff related expenses</b>   | <b>1,009,568</b> | <b>941,040</b> |

\* The superannuation staff on-cost charge represents the Hospital's contribution to superannuation plans in respect of current services of staff.

**7.1 Key Management Personnel**

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

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

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

| Compensation                                 | 2024         | 2023         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Salaries and other short term staff benefits | 1,877        | 1,469        |
| Post-employment benefits                     | 364          | 196          |
| <b>Total</b>                                 | <b>2,241</b> | <b>1,665</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.

**7.2 Remuneration of board and committee members**

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

|                     | 2024       | 2023       |
|---------------------|------------|------------|
|                     | No. of     | No. of     |
|                     | Members    | Members    |
| \$0                 | 349        | 349        |
| \$1 - \$20,000      | 37         | 38         |
| \$20,001 - \$40,000 | 6          | 6          |
| \$40,001 - \$60,000 | -          | -          |
| \$60,001 - \$80,000 | 2          | 1          |
| <b>Total</b>        | <b>394</b> | <b>394</b> |

The total remuneration received or receivable by members was \$0.426 million (\$0.355 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 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. Board members ceasing membership during the reporting period are also included in the table above.

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.

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**7.3 Staff remuneration**

|   | 2024          | 2023          |
|---|---------------|---------------|
| The number of staff whose remuneration received or receivable falls within the following bands: | <b>Number</b> | <b>Number</b> |
| \$160,001 - \$166,000*  | n/a           | 40            |
| \$166,001 - \$186,000   | 182           | 140           |
| \$186,001 - \$206,000   | 115           | 89            |
| \$206,001 - \$226,000   | 68            | 58            |
| \$226,001 - \$246,000   | 43            | 45            |
| \$246,001 - \$266,000   | 50            | 42            |
| \$266,001 - \$286,000   | 40            | 34            |
| \$286,001 - \$306,000   | 33            | 33            |
| \$306,001 - \$326,000   | 29            | 33            |
| \$326,001 - \$346,000   | 31            | 29            |
| \$346,001 - \$366,000   | 33            | 30            |
| \$366,001 - \$386,000   | 15            | 12            |
| \$386,001 - \$406,000   | 20            | 25            |
| \$406,001 - \$426,000   | 22            | 21            |
| \$426,001 - \$446,000   | 19            | 16            |
| \$446,001 - \$466,000   | 22            | 28            |
| \$466,001 - \$486,000   | 20            | 21            |
| \$486,001 - \$506,000   | 24            | 16            |
| \$506,001 - \$526,000   | 21            | 19            |
| \$526,001 - \$546,000   | 16            | 10            |
| \$546,001 - \$566,000   | 4             | 5             |
| \$566,001 - \$586,000   | 8             | 6             |
| \$586,001 - \$606,000   | 6             | 8             |
| \$606,001 - \$626,000   | 3             | 6             |
| \$626,001 - \$646,000   | 7             | 3             |
| \$646,001 - \$666,000   | 3             | 2             |
| \$686,001 - \$706,000   | 1             | -             |
| \$706,001 - \$726,000   | 1             | -             |
| \$726,001 - \$746,000   | 1             | -             |
| <b>Total</b>  | <b>837</b>    | <b>771</b>    |

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

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 Staff remuneration by classification**

The total remuneration received by these staff included in note 7.3:

|  | 2024       |                | 2023       |                |
|--|------------|----------------|------------|----------------|
|  | No.        | \$'000         | No.        | \$'000         |
| Nursing remuneration                           | 88         | 16,041         | 71         | 12,599         |
| Medical (excluding Nursing) remuneration       | 729        | 225,914        | 686        | 210,464        |
| Non-medical (i.e. administration) remuneration | 9          | 1,580          | 3          | 530            |
| Executive remuneration                         | 11         | 2,824          | 11         | 2,711          |
| <b>Total</b>                                   | <b>837</b> | <b>246,359</b> | <b>771</b> | <b>226,304</b> |

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**8. Supplies and services**

|   | <b>2024</b>    | <b>2023</b>    |
|---|----------------|----------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Administration                            | 479            | 518            |
| Advertising                               | 1,391          | 1,830          |
| Communication                             | 3,487          | 3,075          |
| Computing                                 | 19,414         | 14,222         |
| Consultants                               | 695            | 1,460          |
| Contract of services                      | 21,350         | 18,057         |
| Contractors                               | 7,156          | 4,931          |
| Contractors - agency staff                | 33,393         | 27,184         |
| Drug supplies                             | 28,671         | 28,310         |
| Electricity, gas and fuel                 | 7,394          | 7,800          |
| Fee for service                           | 95,609         | 73,528         |
| Food supplies                             | 17,334         | 14,850         |
| Housekeeping                              | 13,126         | 12,785         |
| Insurance                                 | 8,336          | 8,097          |
| Internal SA Health SLA payments           | 15,971         | 15,174         |
| Legal                                     | 521            | 290            |
| Low value lease expense                   | -              | 32             |
| Medical, surgical and laboratory supplies | 160,283        | 149,390        |
| Minor equipment                           | 5,730          | 4,896          |
| Motor vehicle expenses                    | 852            | 733            |
| Occupancy rent and rates                  | 5,021          | 4,177          |
| Patient transport                         | 6,387          | 5,207          |
| Postage                                   | 1,830          | 1,584          |
| Printing and stationery                   | 2,477          | 2,314          |
| Repairs and maintenance                   | 26,110         | 22,024         |
| Security                                  | 16,290         | 16,410         |
| Services from Shared Services SA          | 5,782          | 5,529          |
| Short term lease expense                  | -              | 158            |
| Training and development                  | 11,683         | 11,401         |
| Travel expenses                           | 5,898          | 5,260          |
| Other supplies and services               | 11,480         | 10,958         |
| <b>Total supplies and services</b>        | <b>534,150</b> | <b>472,184</b> |

The Hospital recognises lease payments associated with short term leases (12 months or less) and leases for which the underlying asset is low value (less than \$15,000) 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.

**8.1 Expenditure – SA business and non-SA business**

The following table includes all expenditure in relation to arrangements above \$55,000 (GST inclusive) resulting from a procurement as defined in *Treasurer's Instructions 18 – Procurement* (TI18). Arrangements between public authorities and other governments are not included:

|  | <b>2024</b>    |
|--|----------------|
|  | <b>\$'000</b>  |
| Total expenditure with South Australian businesses               | 223,648        |
| Total expenditure with non-South Australian businesses           | 89,925         |
| <b>Total expenditure in relation to contracts above \$55,000</b> | <b>313,573</b> |

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the Hospital, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI18.

TI18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification..

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**9. Grants and subsidies**

|   | 2024         | 2023       |
|---|--------------|------------|
|   | \$'000       | \$'000     |
| Subsidies                               | 2,997        | 239        |
| Funding to non-government organisations | 415          | 212        |
| <b>Total grants and subsidies</b>       | <b>3,412</b> | <b>451</b> |

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

Subsidies includes \$2.746 million paid/payable to Preventive Health SA for costs incurred since governance of non-clinical DASSA services was transferred out, effective 24 February 2024. No further subsidies will be provided after 30 June 2024.

**10. Other expenses**

|                             | 2024         | 2023         |
|-----------------------------|--------------|--------------|
|                             | \$'000       | \$'000       |
| Debts written off           | 238          | 225          |
| Bank fees and charges       | 50           | 42           |
| Other*                      | 2,444        | 793          |
| <b>Total other expenses</b> | <b>2,732</b> | <b>1,060</b> |

\* Includes audit fees paid or payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$0.384 million (\$0.374 million). No other services were provided by the Audit Office of South Australia.

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

|   | 2024           | 2023         |
|---|----------------|--------------|
|   | \$'000         | \$'000       |
| Proceeds from disposal  | -              | 53           |
| Carrying amount of assets disposed  | (6,063)        | (190)        |
| <b>Total net gain/(loss) from disposal of property, plant and equipment</b> | <b>(6,063)</b> | <b>(137)</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.

**12. Cash and cash equivalents**

|   | 2024          | 2023          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| Cash at bank or on hand   | 905           | 970           |
| Deposits with Treasurer: general operating                                    | 9,906         | 8,080         |
| Deposits with Treasurer: special purpose funds                                | 18,175        | 15,749        |
| <b>Total cash and cash equivalents in the Statement of Financial Position</b> | <b>28,986</b> | <b>24,799</b> |
| <b>Total cash and cash equivalents in the Statement of Cash Flows</b>         | <b>28,986</b> | <b>24,799</b> |

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

The Hospital earned interest on the special purpose funds deposit account of \$0.671 million (\$0.342 million).

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**13. Receivables**

|  | 2024          | 2023          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Current</b>                                     |               |               |
|  | Note          |               |
| Patient/client fees: compensable                   | 1,924         | 2,268         |
| Patient/client fees: other                         | 13,892        | 13,108        |
| Debtors  | 9,045         | 4,498         |
| Less: allowance for impairment loss on receivables | 13.1 (2,245)  | (2,178)       |
| Prepayments  | 4,042         | 4,139         |
| Workers compensation provision recoverable         | 1,574         | 2,350         |
| Sundry receivables and accrued revenue             | 2,635         | 1,325         |
| GST input tax recoverable                          | 871           | 804           |
| <b>Total current receivables</b>                   | <b>31,738</b> | <b>26,314</b> |
| <b>Non-current</b>                                 |               |               |
| Debtors  | 711           | 815           |
| Prepayments  | 1,320         | 1,376         |
| Workers compensation provision recoverable         | 5,667         | 6,154         |
| <b>Total non-current receivables</b>               | <b>7,698</b>  | <b>8,345</b>  |
| <b>Total receivables</b>                           | <b>39,436</b> | <b>34,659</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 allowance for 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.

**13.1 Impairment of receivables**

The Hospital has adopted the simplified impairment approach under AASB 9 *Financial Instruments* 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:

|   | 2024         | 2023         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>Carrying amount at the beginning of the period</b>         | <b>2,178</b> | <b>2,441</b> |
| Increase/(Decrease) in allowance recognised in profit or loss | 67           | (263)        |
| <b>Carrying amount at the end of the period</b>               | <b>2,245</b> | <b>2,178</b> |

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

**14. Other financial assets**

|                                     | 2024         | 2023         |
|-------------------------------------|--------------|--------------|
|                                     | \$'000       | \$'000       |
| <b>Non-current</b>                  |              |              |
| Joint venture                       | 1,377        | 1,374        |
| <b>Total other financial assets</b> | <b>1,377</b> | <b>1,374</b> |

The joint venture represents the Hospital's interest in Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility, which is the only joint arrangement in which the Hospital participate.

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

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

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**15. Inventories**

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Drug supplies  | 955          | 915          |
| Inventory imprest stock                                  | 3,061        | 2,967        |
| Other  | 661          | 693          |
| <b>Total current inventories - held for distribution</b> | <b>4,677</b> | <b>4,575</b> |

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

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

**16.1 Acquisition and recognition**

Property, plant and equipment 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. However, if the assets are acquired at no or nominal values as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

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

**16.2 Depreciation and 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 is calculated on a straight line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

| <u>Class of asset</u>  | <u>Useful life (years)</u> |
|--|----------------------------|
| Buildings and improvements   | 15 – 100                   |
| Right-of-use buildings   | Lease term                 |
| Accommodation and Leasehold improvements                           | Lease term                 |
| Plant and equipment:   |                            |
| • Medical, surgical, dental and biomedical equipment and furniture | 5 – 15                     |
| • Other plant and equipment  | 3 – 25                     |
| Right-of-use plant and equipment                                   | Lease term                 |
| Intangible assets  | 1 – 5                      |

**16.3 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 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 within six years 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.

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**16.4 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 or intangibles as at reporting date.

**16.5 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.

The Hospital has computer software with a carrying amount of \$0.001 million (\$0.008 million) at the end of reporting period after amortisation of \$0.007 million (\$0.007 million).

**16.6 Land and building**

An independent valuation of land and buildings owned by the Hospital was performed from March to June 2024 by certified practising valuers from Marsh Pty Ltd as at 1 June 2024, within regular valuation cycle.

Fair value of unrestricted land was determined using the market approach by way of direct comparison. The valuation was based on an analysis of sales evidence and comparisons with the subject land, taking into account matters such as whether an active market can be established and there are no unreasonable restrictions as to use and/or sale, area, location and other general site characteristics. 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.

**16.7 Plant and equipment**

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

**16.8 Leased property, plant and equipment**

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there are no indications of impairment. Additions to right-of-use assets during the reporting period consists of addition to motor vehicles of \$0.971 million (\$0.536 million). 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 Hospital has a number of lease agreements. Lease terms vary in length from 2 to 10 years.

Major lease activities include the use of:

- Properties – Office accommodation 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 at a fixed rate. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

The Hospital has not committed to any lease arrangement that has not commenced. The Hospital has not entered into any sub-lease arrangements outside of the SA Health.

The lease liabilities related to the right-of-use assets, maturity analysis and interest expense are disclosed at note 20. Depreciation expense related to right-of-use assets is disclosed at note 17. Cash outflows related to right-of-use assets are disclosed at note 24.

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

The following table shows the movement :

| 2023-24  | Land and buildings: |                     |   |  | Plant and equipment:   |  |   |  |   | Total<br>\$'000  |
|--|---------------------|---------------------|---|--|--|--|---|--|---|------------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommod-<br>ation and<br>Leasehold<br>improve-<br>ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                  |
| Carrying amount at the beginning of the period                                 | 43,232              | 667,747             | 5,105                                   | 18,333   | 2,861  | 11,803   | 1,572                                     | 834  | 2,298   | 753,785          |
| Additions  | 2,102               | -                   | -                                       | 58,430   | -  | 2,648  | -   | 971  | 979   | 65,130           |
| Disposals  | -                   | (5,951)             | -                                       | -  | -  | (107)  | (5)                                       | -  | -   | (6,063)          |
| Transfers between asset classes  | -                   | 16,331              | -                                       | (16,331)   | -  | 1,844  | 12  | -  | (1,856)   | -                |
| <b>Subtotal:</b>   | <b>45,334</b>       | <b>678,127</b>      | <b>5,105</b>                            | <b>60,432</b>  | <b>2,861</b>   | <b>16,188</b>  | <b>1,579</b>                              | <b>1,805</b>   | <b>1,421</b>  | <b>812,852</b>   |
| <b>Gains/(losses) for the period recognised in net result:</b>                 |                     |                     |   |  |  |  |   |  |   |                  |
| Depreciation and amortisation  | -                   | (39,811)            | (906)                                   | -  | (282)  | (4,706)  | (244)                                     | (648)  | -   | (46,597)         |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(39,811)</b>     | <b>(906)</b>                            | <b>-</b>   | <b>(282)</b>   | <b>(4,706)</b>   | <b>(244)</b>                              | <b>(648)</b>   | <b>-</b>  | <b>(46,597)</b>  |
| <b>Gains/(losses) for the period recognised in other comprehensive income:</b> |                     |                     |   |  |  |  |   |  |   |                  |
| Revaluation increment / (decrement)  | 36,146              | 234,743             | -                                       | -  | -  | -  | -   | -  | -   | 270,889          |
| <b>Subtotal:</b>   | <b>36,146</b>       | <b>234,743</b>      | <b>-</b>                                | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>                                  | <b>-</b>   | <b>-</b>  | <b>270,889</b>   |
| <b>Carrying amount at the end of the period</b>                                | <b>81,480</b>       | <b>873,059</b>      | <b>4,199</b>                            | <b>60,432</b>  | <b>2,579</b>   | <b>11,482</b>  | <b>1,335</b>                              | <b>1,157</b>   | <b>1,421</b>  | <b>1,037,144</b> |
| <b>Gross carrying amount</b>   |                     |                     |   |  |  |  |   |  |   |                  |
| Gross carrying amount  | 81,480              | 877,679             | 11,058                                  | 60,432   | 6,133  | 49,467   | 8,620                                     | 2,199  | 1,421   | 1,098,489        |
| Accumulated depreciation / amortisation  | -                   | (4,620)             | (6,859)                                 | -  | (3,554)  | (37,985)   | (7,285)                                   | (1,042)  | -   | (61,345)         |
| <b>Carrying amount at the end of the period</b>                                | <b>81,480</b>       | <b>873,059</b>      | <b>4,199</b>                            | <b>60,432</b>  | <b>2,579</b>   | <b>11,482</b>  | <b>1,335</b>                              | <b>1,157</b>   | <b>1,421</b>  | <b>1,037,144</b> |

Assets are classified in the level 2 (land \$59.595 million, buildings \$27.854 million) and level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 16.8 for details about the right-of-use assets, and note 20 for details about the lease liability for right-of-use assets.

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| 2022-23  | Land and buildings: |                     |   |  | Plant and equipment:  |  |   |  |   | Total<br>\$'000 |
|--|---------------------|---------------------|---|--|---|--|---|--|---|-----------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommod<br>ation and<br>Leasehold<br>improve-<br>ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                 |
| <b>Carrying amount at the beginning of the period</b>          | 43,232              | 660,466             | 6,368                                   | 30,450   | 3,155   | 10,709   | 1,842                                     | 910  | 4,340   | 761,472         |
| Additions  | -                   | -                   | -                                       | 32,426   | -   | 2,227  | 91  | 536  | 2,085   | 37,365          |
| Assets received free of charge                                 | -                   | -                   | -                                       | 393  | -   | -  | -   | -  | 109   | 502             |
| Disposals  | -                   | -                   | -                                       | (3)  | -   | (10)   | (177)                                     | -  | -   | (190)           |
| Transfers between asset classes                                | -                   | 45,788              | -                                       | (44,933)   | -   | 3,181  | 200                                       | -  | (4,236)   | -               |
| Other movements  | -                   | -                   | -                                       | -  | -   | -  | -   | -  | -   | -               |
| <b>Subtotal:</b>   | <b>43,232</b>       | <b>706,254</b>      | <b>6,368</b>                            | <b>18,333</b>  | <b>3,155</b>  | <b>16,107</b>  | <b>1,956</b>                              | <b>1,446</b>   | <b>2,298</b>  | <b>799,149</b>  |
| <b>Gains/(losses) for the period recognised in net result:</b> |                     |                     |   |  |   |  |   |  |   |                 |
| Depreciation and amortisation                                  | -                   | (38,507)            | (1,263)                                 | -  | (294)   | (4,304)  | (384)                                     | (612)  | -   | (45,364)        |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(38,507)</b>     | <b>(1,263)</b>                          | <b>-</b>   | <b>(294)</b>  | <b>(4,304)</b>   | <b>(384)</b>                              | <b>(612)</b>   | <b>-</b>  | <b>(45,364)</b> |
| <b>Carrying amount at the end of the period</b>                | <b>43,232</b>       | <b>667,747</b>      | <b>5,105</b>                            | <b>18,333</b>  | <b>2,861</b>  | <b>11,803</b>  | <b>1,572</b>                              | <b>834</b>   | <b>2,298</b>  | <b>753,785</b>  |
| <b>Gross carrying amount</b>                                   |                     |                     |   |  |   |  |   |  |   |                 |
| Gross carrying amount  | 43,232              | 854,253             | 11,058                                  | 18,333   | 6,133   | 50,110   | 8,705                                     | 1,997  | 2,298   | 996,119         |
| Accumulated depreciation / amortisation                        | -                   | (186,506)           | (5,953)                                 | -  | (3,272)   | (38,307)   | (7,133)                                   | (1,163)  | -   | (242,334)       |
| <b>Carrying amount at the end of the period</b>                | <b>43,232</b>       | <b>667,747</b>      | <b>5,105</b>                            | <b>18,333</b>  | <b>2,861</b>  | <b>11,803</b>  | <b>1,572</b>                              | <b>834</b>   | <b>2,298</b>  | <b>753,785</b>  |

All assets were classified in the level 3 fair value hierarchy except for capital works in progress (not classified).

## **18. Fair Value Measurement**

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

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

The Hospital's assets are valued on the basis that the entity intends to retain the assets for a continuous use for the purposes of the entity and for the foreseeable future. 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 \$1.500 million or an estimated useful life that was less than three years are deemed to approximate fair value.

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

### **18.1 Fair value hierarchy**

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

Assets are held at level 2 (\$87.449 million) and level 3 and are recurring fair value measurements, except for capital works in progress which are not classified. \$59.595 million land and \$27.854 million buildings and improvements were transferred from level 3 to level 2 during 2023-24.

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 16 and 18.2.

During the reporting period, the Hospital had no valuations categorised into Level 1.

### **18.2 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. To the extent that land has had any restrictions on use and been adjusted with a discount factor these assets are classified as level 3. All other land has been classified as level 2.

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

Unobservable inputs used to arrive at final valuation figures included:

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

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**19. Payables**

|                                   | 2024          | 2023          |
|-----------------------------------|---------------|---------------|
|                                   | \$'000        | \$'000        |
| <b>Current</b>                    |               |               |
| Creditors and accrued expenses    | 43,850        | 38,836        |
| Paid Parental Leave Scheme        | 231           | 230           |
| Other payables                    | 905           | 969           |
| <b>Total current payables</b>     | <b>44,986</b> | <b>40,035</b> |
| <b>Non-current</b>                |               |               |
| Other payables                    | 57            | 57            |
| <b>Total non-current payables</b> | <b>57</b>     | <b>57</b>     |
| <b>Total payables</b>             | <b>45,043</b> | <b>40,092</b> |

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.

Refer to note 30 for information on risk management.

**20. Financial liabilities**

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Current</b>                                 |              |              |
| Lease liabilities                              | 1,215        | 1,328        |
| <b>Total current financial liabilities</b>     | <b>1,215</b> | <b>1,328</b> |
| <b>Non-current</b>                             |              |              |
| Lease liabilities                              | 4,873        | 5,264        |
| <b>Total non-current financial liabilities</b> | <b>4,873</b> | <b>5,264</b> |
| <b>Total financial liabilities</b>             | <b>6,088</b> | <b>6,592</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. There were no defaults or breaches on any of the above liabilities throughout the year.

The Hospital incurred borrowing costs associated with leasing activities of \$0.127 million (\$0.128 million). Refer to note 16 for details about the right-of-use assets (including depreciation).

Refer to note 30 for information on risk management.

**20.1 Concessional lease arrangements**

The Hospital has no concessional lease arrangements.

**20.2 Maturity analysis**

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

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Lease Liabilities</b>                           |              |              |
| Within one year                                    | 1,510        | 1,438        |
| Later than one year but not longer than five years | 5,223        | 4,585        |
| Later than five years                              | -            | 983          |
| <b>Total lease liabilities (undiscounted)</b>      | <b>6,733</b> | <b>7,006</b> |

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**21. Staff related liabilities**

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Current</b>                                     |                |                |
| Accrued salaries and wages                         | 24,896         | 21,296         |
| Annual leave                                       | 108,737        | 100,653        |
| Long service leave                                 | 13,611         | 12,181         |
| Skills and experience retention leave              | 6,522          | 5,897          |
| Staff on-costs                                     | 19,394         | 17,138         |
| Other  | 340            | 324            |
| <b>Total current staff related liabilities</b>     | <b>173,500</b> | <b>157,489</b> |
| <b>Non-current</b>                                 |                |                |
| Long service leave                                 | 148,043        | 134,753        |
| Staff on-costs                                     | 6,639          | 5,838          |
| <b>Total non-current staff related liabilities</b> | <b>154,682</b> | <b>140,591</b> |
| <b>Total staff related liabilities</b>             | <b>328,182</b> | <b>298,080</b> |

Staff related liabilities 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 related liabilities are measured at nominal amounts.

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

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

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are 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 2023 rate (2.00%) to 2.4% for annual leave and skills and experience retention leave liability. As a result, there is an increase in the staff related liabilities and staff related expenses of \$0.450 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 staff is estimated to be less than the annual entitlement for sick leave.

**21.2 Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are 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.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth bonds has increased from 2023 (4.00%) to 2024 (4.25%). This increase in the bond yield results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF increased the salary inflation rate from 2.50% to 3.50% for long service leave resulting in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$7.941 million, staff on-costs of \$0.347 million and staff related expense of \$8.288 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

**21.3 Staff on-costs**

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 2023 rate (11.1%) to 11.5% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff related expenses of \$0.548 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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**22. Provisions**

All provisions are for workers compensation.

*Reconciliation of workers compensation (statutory and additional compensation)*

|   | 2024          | 2023          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Carrying amount at the beginning of the period</b> | <b>45,040</b> | <b>41,045</b> |
| Payments  | (6,992)       | (5,673)       |
| Additions   | 7,690         | 7,097         |
| Remeasurements  | (2,782)       | 2,571         |
| <b>Carrying amount at the end of the period</b>       | <b>42,956</b> | <b>45,040</b> |

**22.1 Workers Compensation**

The Hospital, as an exempt employer, is responsible for the payment of workers compensation claims and the implementation and funding of preventative programs. 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 provided by a consulting actuary engaged through the Office of the Commissioner for 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 nonserious 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 agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

**23. Contract liabilities and other liabilities**

|   | 2024       | 2023       |
|---|------------|------------|
|   | \$'000     | \$'000     |
| <b>Current</b>  |            |            |
| Unclaimed monies  | 1          | 4          |
| Unearned revenue  | 27         | 35         |
| Contract liabilities                                    | 469        | 512        |
| Other   | (10)       | 310        |
| <b>Total contract liabilities and other liabilities</b> | <b>487</b> | <b>861</b> |

Revenue relating to services/treatments for drug and alcohol abuse support is recognised over time although all funds are received upfront for these services. A contract liability is recognised for this revenue at the time of initial receipt and is released over the time as and when service obligations are met. 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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**24. Cash flow reconciliation**

|   | 2024            | 2023            |
|---|-----------------|-----------------|
|   | \$'000          | \$'000          |
| <b>Reconciliation of net cash provided by/(used in) operating activities to net result:</b> |                 |                 |
| Net cash provided by/(used in) operating activities   | 23,468          | 17,009          |
| <b>Add/less non-cash items</b>  |                 |                 |
| Capital revenues  | 47,932          | 27,477          |
| Depreciation and amortisation expense of non-current assets                                 | (46,604)        | (45,371)        |
| Gain/(loss) on sale or disposal of non-current assets                                       | (6,063)         | (137)           |
| Resources received free of charge   | -               | 502             |
| Gain/(loss) on revaluation of other financial assets  | 3               | 177             |
| <b>Movement in assets and liabilities</b>   |                 |                 |
| Increase/(decrease) in receivables  | 4,799           | 1,339           |
| Increase/(decrease) in inventories  | 102             | 260             |
| (Increase)/decrease in staff benefits   | (30,404)        | (15,941)        |
| (Increase)/decrease in payables and provisions  | (4,478)         | (13,091)        |
| (Increase)/decrease in other liabilities  | 374             | 738             |
| <b>Net result</b>   | <b>(10,871)</b> | <b>(27,038)</b> |

The total cash outflows for leases were \$1.602 million (\$2.107 million).

**25. Unrecognised contractual commitments**

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

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

|                                  | 2024         | 2023       |
|----------------------------------|--------------|------------|
|                                  | \$'000       | \$'000     |
| Within one year                  | 3,709        | 895        |
| <b>Total capital commitments</b> | <b>3,709</b> | <b>895</b> |

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

**25.2 Other contractual commitments**

|  | 2024           | 2023           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| Within one year                                    | 110,534        | 85,552         |
| Later than one year but not longer than five years | 201,066        | 175,914        |
| Later than five years                              | 300,075        | 387            |
| <b>Total expenditure commitments</b>               | <b>611,675</b> | <b>261,853</b> |

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

**26. Trust funds**

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

|   | 2024      | 2023      |
|---|-----------|-----------|
|   | \$'000    | \$'000    |
| Carry amount at the beginning of period         | 33        | 59        |
| Client trust receipts                           | 346       | 401       |
| Client trust payments                           | (327)     | (427)     |
| <b>Carrying amount at the end of the period</b> | <b>52</b> | <b>33</b> |

## 27. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value. The Hospital is not aware of any contingent assets and contingent liabilities. The Hospital has made no guarantees.

## 28. Events after balance date

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

## 29. Impact of Standards not yet implemented

The Hospital has assessed the impact of the new and changed Australian Accounting Standards and Interpretations not yet effective.

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. There is complexity and significant level of judgement required in applying AASB 13 and the new amending standard. The Department on behalf of the Hospital has engaged a valuer to assist in determining the impact, which is not material.

No Australian Accounting Standards have been early adopted by the Hospital for the reporting period ended 30 June 2024.

## 30. Financial instruments/financial risk management

### 30.1 Financial risk management

Risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management - Guidelines*.

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

#### Liquidity Risk

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

Refer to note 1.4, 19 and 20 for further information.

#### Credit risk

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

Refer to notes 12, 13 and 14 for further information.

#### Market risk

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

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

### 30.2 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; 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.

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| Category of financial asset and financial liability | Notes | 2024<br>Carrying<br>amount/<br>Fair value<br>\$'000 | 2023<br>Carrying<br>amount/<br>Fair value<br>\$'000 |
|---|-------|---|---|
| <b>Financial assets</b>                             |       |   |   |
| Cash and equivalent                                 |       |   |   |
| Cash and cash equivalents                           | 12    | 28,986  | 24,799  |
| Amortised cost                                      |       |   |   |
| Receivables   | 13    | 25,130  | 18,982  |
| Fair value through profit or loss                   |       |   |   |
| Other financial assets                              | 14    | 1,377   | 1,374   |
| <b>Total financial assets</b>                       |       | <b>55,493</b>                                       | <b>45,155</b>                                       |
| <b>Financial liabilities</b>                        |       |   |   |
| Financial liabilities at amortised cost             |       |   |   |
| Payables  | 19    | 44,428  | 39,488  |
| Financial liabilities                               | 20    | 6,088   | 6,592   |
| Other liabilities                                   | 23    | (9)   | 314   |
| <b>Total financial liabilities</b>                  |       | <b>50,507</b>                                       | <b>46,394</b>                                       |

Statutory receivables and payables are excluded from these tables because they are not financial assets and financial liabilities. In government, certain rights to receive or obligations to pay cash may not be contractual but have their source in legislation. The disclosure requirements of AASB7 *Financial Instruments* do not apply to statutory receivables and payables.

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

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9.

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 amount previously written off are credited against the same line items.

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 for 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 evidence and informed credit assessment including any forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss 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:

|                      | 30 June 2024                         |                                       |                                     | 30 June 2023                         |                                       |                                     |
|----------------------|--------------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
|                      | Expected credit<br>loss rate(s)<br>% | Gross<br>carrying<br>amount<br>\$'000 | Expected<br>credit losses<br>\$'000 | Expected credit<br>loss rate(s)<br>% | Gross<br>carrying<br>amount<br>\$'000 | Expected<br>credit losses<br>\$'000 |
| <b>Days past due</b> |                                      |                                       |                                     |                                      |                                       |                                     |
| Current              | 0.1 - 1.6%                           | 7,730                                 | 437                                 | 0.1 - 1.9%                           | 6,782                                 | 53                                  |
| <30 days             | 0.2 - 2.0%                           | 4,066                                 | 254                                 | 0.2 - 2.2%                           | 3,652                                 | 175                                 |
| 31-60 days           | 0.4 - 3.4%                           | 3,064                                 | 52                                  | 0.4 - 3.8%                           | 2,682                                 | 305                                 |
| 61-90 days           | 0.7 - 5.7%                           | 823                                   | 16                                  | 0.6 - 6.0%                           | 861                                   | 125                                 |
| 91-120 days          | 1.0 - 8.5%                           | 1,028                                 | 313                                 | 0.9 - 8.6%                           | 529                                   | 41                                  |
| 121-180 days         | 2.0 - 12.5%                          | 585                                   | 64                                  | 1.7 - 12.7%                          | 583                                   | 149                                 |
| 181-360 days         | 4.0 - 38.9%                          | 632                                   | 198                                 | 3.4 - 39.0%                          | 433                                   | 58                                  |
| 361-540 days         | 24.3 - 55.4%                         | 721                                   | 418                                 | 23.6 - 55.5%                         | 487                                   | 242                                 |
| >540 days            | 29.5 - 74.0%                         | 913                                   | 493                                 | 28.7 - 74.2%                         | 1,476                                 | 1,030                               |
| <b>Total</b>         |                                      | <b>19,562</b>                         | <b>2,245</b>                        |                                      | <b>17,485</b>                         | <b>2,178</b>                        |

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**31. Significant transactions with Government related entities**

The Hospital is controlled by the SA Government.

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

Significant transactions with SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 2), incurred expenditure with the Department for medical, surgical and laboratory supplies, computing and insurance (note 8), and incurred significant capital expenditure with DIT of \$41.233 million (\$21.586 million).

**32. Interests in other entities**

Equity accounted investment

Long Entity Name: Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility  
Ownership interest: 50%

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

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

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

The profits have not been distributed for this reporting period as accumulated losses from previous financial years are yet to be recouped.

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

|   | 2024           | 2023           |
|---|----------------|----------------|
| Percentage ownership interest   | 50 %           | 50 %           |
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Current assets  | 1,648          | 1,542          |
| Current liabilities   | (1,436)        | (1,248)        |
| Non-current assets  | 2,799          | 2,863          |
| Non-current liabilities   | (5,460)        | (5,610)        |
| <b>Net assets</b>   | <b>(2,449)</b> | <b>(2,453)</b> |
|   | <b>(1,224)</b> | <b>(1,227)</b> |
| Groups share of net assets (50%)                                      | 2,601          | 2,601          |
| Share of beneficial entitlement                                       | <b>1,377</b>   | <b>1,374</b>   |
| <b>Carrying amount of interest in joint venture</b>                   |                |                |
| Expenses  | (7,106)        | (6,635)        |
| Revenue   | 7,111          | 6,989          |
| <b>Profit/(loss) and total comprehensive income</b>                   | <b>5</b>       | <b>354</b>     |
|   | <b>3</b>       | <b>177</b>     |
| <b>Entity's share of profit and total comprehensive income (50%).</b> |                |                |

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
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**33. Board and committee members**

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

| Board/Committee name:  | Government       |  |
|--|------------------|--|
|  | employee members | Other members  |
| Southern Adelaide Local Health Network Governing Board   | -                | Butcher M (Chair), Hickey V, Kirkpatrick E (appointed 01/07/2023), Mackean T, Mitchell J, Noble J, Richter J (Deputy Chair), Searle J (resigned 01/07/2023), Sherbon A   |
| DASSA Clinical Executive Committee   | 8                | Newrick K  |
| DASSA Community Advisory Council   | 1                | Bealing D (resigned 01/07/2023), Brownbill S (appointed 05/10/2023), Dwyer Scott (Chair), Halls A, Holly C (resigned 27/07/2023), Honeyman L, Mclean J (resigned 01/07/2023), Moncrieff D, Newrick K, Nimmo E, O'Brien J, Petracco C (resigned 01/07/2023), Sherif M (resigned 27/07/2023), Whiteway L (resigned 1/7/2023), Cotter B, Cramp T (appointed 27/9/2023), Moss, C (appointed 19/04/2024)  |
| DASSA Leadership Committee (formerly DASSA Executive Group)  | 8                | O'Brien J  |
| DASSA Audit and Risk Committee   | 4                | Davies T (resigned 11/04/2024)   |
| Consumer and Community Operational Committee (formerly Partnering with Consumer Advisory Group)            | 19               | King P (Co Chair – resigned 19/07/2023), Ball R, Burtnik E (appointed 1/10/2023), Dame T (resigned 23/01/2024), Voss D, Gray H, Pengilly J, Wharton J  |
| Mental Health Consumer and Carer Advisory Group  | 10               | Bickley B (resigned 18/09/2023), Braund S, Clarke W, Corena M, Harrison J, Hopkins R   |
| Southern Adelaide Clinical Human Research Ethics Committee   | 27               | Adey-Wakeling T (appointed 18/07/2023), Arnold G (resigned 25/03/2024), Berg M (resigned 18/08/2023), Cahalan P, Coles S (appointed 18/09/2023), Dykes L, Guaqueta C (appointed 18/09/2023), Lange B (Deputy Chair), Lower K, McEvoy M, Miliotis B (resigned 22/01/2024), Mudd A, Phillips C, Putsey T, Sharma S, Shephard S, Souzeau E, Spencer M, Stacey A (appointed 30/10/2023), Thomas J, Trethewey C, Trethewey Y, Van Lueven J, Velayudham P, Watt B, Were L, Yip L, Zhou Y, Toews M (appointed 08/05/2024) |
| Southern Adelaide Local Health Network Asset and Infrastructure Planning Sub-Committee - DISSOLVED         | -                | Butcher M (Chair), Mitchell J, Richter J, Sherbon A  |
| Southern Adelaide Local Health Network Audit and Risk Sub Committee (Sub Committee of the Governing Board) | -                | Hickey V (Chair), Forman A, Noble J  |
| Southern Adelaide Local Health Network Clinical Council  | 56               | Dame T (resigned 1/12/2023), Duong M   |
| Southern Adelaide Local Health Network Clinical Governance (Sub-Committee of the Governing Board)          | -                | Baggoley C (resigned 29/08/2023), Eckert M, Kirkpatrick E (appointed 01/07/2023), Kennedy C (appointed 01/12/2023), Mackean T (resigned 30/06/2024), Mitchell J, Searle J (resigned 01/07/2023), Sherbon A (Chair), Voss D (resigned 30/07/2023), Wren K (appointed 12/02/2024).   |

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| <b>Board/Committee name:</b>  | <b>Government<br/>employee members</b> | <b>Other members</b>  |
|---|--|---|
| Southern Adelaide Local Health Network Communicating for Patient Safety Committee                               | 56                                     | Dame T (resigned 22/01/2024)  |
| Southern Adelaide Local Health Network Community Engagement (Sub-Committee of the Governing Board) - DISSOLVED  | -                                      | Mitchell J (Chair), Butcher M, King P   |
| Southern Adelaide Local Health Network Comprehensive Care Committee   | 35                                     | Stankowski C  |
| Southern Adelaide Local Health Network Drugs and Therapeutics Committee   | 29                                     | Burdenuik C (resigned 31/08/2023), Pascoe P   |
| Southern Adelaide Local Health Network End of Life Steering Committee   | 15                                     | Barrington D, Phelan C  |
| Southern Adelaide Local Health Network Marion Lived Experience Group Mental Health Services                     | 5                                      | Brooke B (Chair), English L, Police D   |
| Southern Adelaide Local Health Network Mental Health Services Noarlunga Lived Experience Group                  | 4                                      | Buer S (Chair), Hopkins R, Marshall H, Oakley T   |
| Southern Adelaide Local Health Network New Technology and Clinical Practice Innovation Committee                | 12                                     | Kaambwa B, Burtnik E  |
| Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services              | 11                                     | Brown L (appointed 05/02/2024), Clark W (Chair), Eckert N, Lillecrapp D, Masters R (appointed 05/02/2024), Schettters J, Wener J, Whitemore A               |
| Southern Adelaide Local Health Network SEDS   | 1                                      | Corena M(Chair), McGregor A, Goddard G (resigned 01/08/2023), James S, Rouvray L, Woolford L, Braund S, Witt K, Higgins K, Wilkins H (appointed 01/12/2023) |
| Southern Adelaide Local Health Network Veterans Lived Experience Group Mental Health Services                   | 8                                      | Frampton R (Chair), Damare M, Hall R, Hill-Paul C (resigned 01/08/2023), O'Malley J, Schofield M, Warren S  |
| Southern Adelaide Local Health Network Finance and Performance Committee (Sub-Committee of the Governing Board) | 1                                      | Richter J (Chair – resigned 30/06/2024), Sherbon T, Noble J, Fletcher A (resigned 22/02/2024), Belej M (appointed 02/10/2023)                               |
| Southern Adelaide Local Health Network Board Executive Committee (Sub-Committee of the Governing Board)         | -                                      | Butcher M (Chair), Mitchell J, Hickey V (appointed 30/11/2023)  |
| Southern Adelaide Local Health Network Ramping Committee (Sub-Committee of the Governing Board)                 | -                                      | Butcher M (Chair), Richter J, Sherbon T   |

Refer to note 7.2 for remuneration of board and committee members.

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
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**34. Administered items**

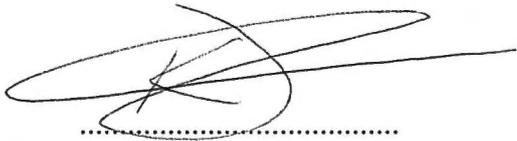
The Hospital administers private practice arrangements, representing funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to Rights of Private Practice Deeds of Agreement.

|  | <b>Rights of Private Practice</b> |               |
|--|-----------------------------------|---------------|
|  | <b>2024</b>                       | <b>2023</b>   |
|  | <b>\$'000</b>                     | <b>\$'000</b> |
| Other expenses                                 | (13,288)                          | (11,385)      |
| Revenue from fees and charges                  | 13,191                            | 12,032        |
| <b>Net result</b>                              | <b>(97)</b>                       | <b>647</b>    |
| Cash and cash equivalents                      | 1,617                             | 1,716         |
| Receivables                                    | 826                               | 818           |
| Other current provisions/liabilities           | (12)                              | (6)           |
| <b>Net assets</b>                              | <b>2,431</b>                      | <b>2,528</b>  |
| Cash at the beginning of the reporting period  | 1,716                             | 1,265         |
| Fees and charges                               | 13,183                            | 11,847        |
| Other payments                                 | (13,282)                          | (11,396)      |
| <b>Cash at the end of the reporting period</b> | <b>1,617</b>                      | <b>1,716</b>  |

## Certification of the financial statements

We certify that the:

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



.....  
Kerrie Freeman  
Chief Executive Officer



.....  
Matt Rooney  
Chief Finance Officer



.....  
Mark Butcher  
Governing Board Chair

Date 12/09/2024  
.....